



Town of Chino Valley

MEETING NOTICE TOWN COUNCIL

REGULAR MEETING
Tuesday, March 10, 2015
6:00 P.M.

Council Chambers
202 N. State Route 89
Chino Valley, Arizona

AGENDA

- 1) **CALL TO ORDER, INVOCATION; PLEDGE OF ALLEGIANCE; ROLL CALL**
- 2) **INTRODUCTIONS, PRESENTATIONS, AND PROCLAMATIONS**
- 3) **CALL TO THE PUBLIC**

Call to the Public is an opportunity for the public to address the Council concerning a subject that is not on the agenda. Public comment is encouraged. Individuals are limited to speak for three (3) minutes. The total time for Call to the Public may be up to 30 minutes per meeting. Council action taken as a result of public comment will be limited to directing staff to study the matter, scheduling the matter for further consideration and decision at a later date, or responding to criticism.

- 4) **RESPONSE TO THE PUBLIC**

Response to the Public is an opportunity for the Mayor to inform the public about how Town officials addressed matters raised during Call to the Public at a previous meeting.

- 5) **CURRENT EVENT SUMMARIES AND REPORTS**

This item is for information only. The Mayor, any Councilmember, or Town Manager may present a brief summary or report of current events, or ask a staff member to provide the same. Presentation on information requested by the Mayor and Council will be made and questions answered. No action will be taken.

- a) Status reports by Mayor and Council regarding current events.
- b) Status report by Town Manager Robert Smith regarding Town accomplishments, and current or upcoming projects.

- c) Update regarding the Town's application to the Economic Development Administration (EDA) for infrastructure improvements at Old Home Manor. (Ruth Mayday, Development Services Director)

6) **CONSENT AGENDA**

All those items listed below are considered to be routine and may be enacted by one motion. Any Councilmember may request to remove an item from the Consent Agenda to be considered and discussed separately.

- a) Consideration and possible action to approve Financial Report for the month ended December 31, 2014. (Joe Duffy, Finance Director)

7) **ACTION ITEMS**

- a) Consideration and possible direction to staff regarding budget items discussed, including pool operations, at the February 26, 2015 Study Session. (Joe Duffy, Finance Director)

Recommended Action: Direction to staff regarding budget items discussed at the February 26, 2015 Study Session.

- b) Consideration and possible action to: (i) make the finding that there is a reasonable basis for constructing the Chino Valley Skate Park capital project in-house, and that this project is not being constructed in-house to avoid the bidding requirements, pursuant to the Town's Procurement Policy; (ii) authorize the use of \$19,000 in Parks Impact Fees for the project; and (iii) direct staff to report to Council after a project stakeholder's meeting. Funds to come from Parks Impact Fees \$13,000 and P&R Grant Funds \$ 6,000. (Vice-Mayor Croft; Mayor Marley)

Recommended Action: (i) Make the finding that there is a reasonable basis for constructing the Chino Valley Skate Park capital project in-house, and that this project is not being constructed in-house to avoid the bidding requirements, pursuant to the Town's Procurement Policy; (ii) Authorize the use of \$19,000 in Parks Impact Fees for the project; and (iii) Direct staff to report to Council after a project stakeholder's meeting.

- c) Discussion and possible action to address a complaint filed by Mayor Chris Marley against Councilmember Linda Hatch pursuant to Town Code Chapter 35 Code of Ethics Section 35.04 Conduct in Public Office. (Vice Mayor Croft; Mayor Marley)

Recommended Action: Adopt Resolution No. 15-1055 censuring Councilmember Hatch for refusing to comply with certain records requests when such records did, in-fact exist and demanding that Councilmember Hatch comply with said requests by furnishing any missing documents to the Chino Valley Town Attorney within ten business days.

- d) Informational hearing, consideration, and possible action to approve contracts between Pinnacle Consulting/SunState and the Town of Chino Valley for the installation of three (3) wireless communications towers to provide enhanced wireless capabilities between the Town Hall, North Campus (Library) and the Recreation Center. The Town budgeted \$40,000 in the Capital Improvement Fund this fiscal year for this project. This project will negate need for \$1,100 per month to CableOne for fiber optic service saving the Town \$13,200 each fiscal year. (Ruth Mayday, Development Services Director)

Recommended Action: Approve contracts between Pinnacle Consulting / SunState and the Town for the wireless communication project.

- e) Consideration and possible action to select Henry & Horne, LLP as the Town's Audit firm, as recommended by the Finance Committee, to perform Professional Audit Services for the Fiscal Years Ending June 30, 2015 through June 30, 2017. The Town will budget the annual amount for each of the three fiscal years in the Finance Department's Budget . (Joe Duffy, Finance Director)

Recommended Action: Approve Henry & Horne, LLP to be the Town's Audit Firm to perform Professional Audit Services for the Fiscal Years Ending June 30, 2015 through June 30, 2017.

- f) Consideration and possible action to appoint applicants to fill vacancies on the Planning and Zoning Commission, Parks and Recreation Advisory Board, Public Safety Retirement Board, Industrial Development Authority, and Municipal Property Corporation. (Jami Lewis, Town Clerk)

Recommended Action: Appoint applicants to the Planning and Zoning Commission, Parks and Recreation Advisory Board, Public Safety Retirement Board, Industrial Development Authority, and Municipal Property Corporation, as recommended by the Council Appointments Subcommittee; and designate that Ms. Lane be appointed to the term ending January 31, ____ [2016 or 2017] and Mr. Bacon be appointed to term ending January 31, ____ [2016 or 2017].

8) **EXECUTIVE SESSION**

Council may vote to recess the Regular Meeting and hold an executive session, which will not be open to the public, for the following purposes.

9) **ACTION ITEMS RESUMED**

After the Executive Session, Council will reconvene the Regular Meeting.

10) **ADJOURNMENT**

Dated this 5th day of March, 2015.

By: **Jami C. Lewis, Town Clerk**

The Town of Chino Valley endeavors to make all public meetings accessible to persons with disabilities. Please call 636-2646 (voice) or 711 (Telecommunications Arizona Relay Service) 48 hours prior to the meeting to request a reasonable accommodation to participate in this meeting.

Supporting documentation and staff reports furnished to the Council with this agenda are available for review on the Town website at <http://www.chinoaz.net/clerk/townagenda.shtml>, and in the Public Library and Town Clerk's Office.

CERTIFICATION OF POSTING

The undersigned hereby certifies that a copy of this notice was duly posted at Chino Valley South Campus, Chino Valley Post Office, and Chino Valley North Campus in accordance with the statement filed by the Town Council with the Town Clerk.

Date: _____ Time: _____ By: _____
Jami C. Lewis, Town Clerk



TOWN OF CHINO VALLEY COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting

Item No. **5. c.**

Meeting Date: 03/10/2015
Contact Person: Ruth Mayday, Development Services Director
Phone: 928-636-4427 x-1217
Department: Development Services
Estimated length 5 minutes
of Staff Presentation:
Physical location of item: Old Home Manor

AGENDA ITEM TITLE:

Update regarding the Town's application to the Economic Development Administration (EDA) for infrastructure improvements at Old Home Manor. (Ruth Mayday, Development Services Director)

SITUATION & ANALYSIS:

The Funding Cycle deadline set by EDA for December 12, 2014 was never instituted as there was no Federal Funding Opportunity Announcement in effect at the time of the deadline. Therefore, all applications submitted prior to the December 12, 2014 deadline will be considered for the March 12, 2015 funding cycle.

Attachments

No file(s) attached.

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TOWN OF CHINO VALLEY COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting

Item No. 6. a.

Meeting Date: 03/10/2015
Contact Person: Joe Duffy, Finance Director
 Phone: 928-636-2646 x-1211
Department: Finance
Item Type: Consent
Estimated length of staff presentation: None
Physical location of item: N/A

AGENDA ITEM TITLE:

Consideration and possible action to approve Financial Report for the month ended December 31, 2014.

RECOMMENDED ACTION:

Approve Financial Report for the six months ending December 31, 2015.

SITUATION AND ANALYSIS:

The Finance Department per Town Code is preparing Monthly Financial Reports for the Mayor, Council, Staff and Community.

Upon Council approval, the reports will be posted on the Town's website.

The report includes the following sections:

Revenue and Expense Summary - This section details the Revenues and Expenditures of each fund. Comparing the year to date figures to the current year's annual budget and the prior year's month to date figures.

Major Revenue Summary - This section details the year to date figures for the Town's eight major revenue sources that account for 60% of the Town's Revenue.

Other Information - This section details other pertinent financial and statistical information including the Impact Fee Fund balance and the amount of General Fund Contingencies that have been allocated this fiscal year and a debt summary.

The Finance Director will supplement these reports with periodic presentations and other information throughout the fiscal year.

Fiscal Impact

Fiscal Impact?: None

If Yes, Budget Code:

Available:

Funding Source:

Attachments

December 2014 Financial Report

Town of Chino Valley

Arizona

Financial Report



To The Town Council

For the Six Months Ending December 31, 2014 50% of the Fiscal Year

Town of Chino Valley						
Revenue and Expense Summary						
For the Six Months Ending December 31, 2014 50% of the Fiscal Year						
			Actual vs Prior Year			
	Actual Year to Date FY 2013-14	Actual Year to Date FY 2014-15	Amount	% FY 2014-15/ FY 2013-14	Annual Budget FY 2014-15	% of Budget YTD
GENERAL FUND						
General Fund Revenues by Category						
Franchise Taxes	\$ 34,798	\$ 31,493 *	\$ (3,305)		\$ 142,000	22%
Tax Revenues	\$ 1,831,904	\$ 1,868,858	\$ 36,954	2%	\$ 3,755,363	50%
Licenses & Permits	\$ 114,557	\$ 90,319	\$ (24,238)	-21%	\$ 217,000	42%
Intergovernmental	\$ 1,364,881	\$ 1,469,232	\$ 104,351	8%	\$ 3,063,000	48%
Charges for Services	\$ 28,349	\$ 26,031	\$ (2,318)	-8%	\$ 98,200	27%
Fines and Forfeitures	\$ 45,500	\$ 45,777	\$ 277	1%	\$ 118,000	39%
Other Revenues	\$ 3,348	\$ 3,091	\$ (257)	-8%	\$ 2,300	134%
Contributions and Donations	\$ 3,439	\$ 955	\$ (2,484)	-72%	\$ 7,800	12%
Investment Earnings	\$ 239	\$ 312	\$ 73	31%	\$ 550	57%
Transfers In	\$ 27,740	\$ 50,000	\$ 22,260	80%	\$ 560,087	9%
Total Revenues	\$ 3,454,755	\$ 3,586,068	\$ 131,313	4%	\$ 7,964,300	45%
* Estimated final quarter accruals.						
Total Revenues for the General Fund are up \$131,313 over the previous fiscal year. Licenses and Permits are down due to a reduction in Building Permits this fiscal year. Intergovernmental Revenues are up 8% primarily due to an increase in State Shared Income Tax and State Shared Sales Tax. Transfers In were increased in the current years budget over the prior year. The total General Fund Revenues are up 4% compared to the last fiscal year.						

Town of Chino Valley						
Revenue and Expense Summary						
For the Six Months Ending December 31, 2014 50% of the Fiscal Year						
			Actual vs Prior Year			
	Actual Year to Date FY 2013-14	Actual Year to Date FY 2014-15	Amount	% FY 2014-15/ FY 2013-14	Annual Budget FY 2014-15	% of Budget YTD
General Fund Expenditures by Department						
Prosecutor	\$ 53,667	\$ 59,175	\$ 5,508	10%	\$ 122,800	48%
Town Clerk	\$ 80,281	\$ 103,298	\$ 23,017	29%	\$ 244,100	42%
Town Manager	\$ 169,404	\$ 189,922	\$ 20,518	12%	\$ 406,600	47%
Human Recourses	\$ 24,408	\$ 28,812	\$ 4,404	18%	\$ 69,850	41%
Municipal Court	\$ 128,932	\$ 141,871	\$ 12,939	10%	\$ 312,550	45%
Finance	\$ 143,391	\$ 158,771	\$ 15,380	11%	\$ 304,450	52%
Management Information System	\$ 90,377	\$ 94,737	\$ 4,360	5%	\$ 245,650	39%
Mayor and Council	\$ 12,239	\$ 11,149	\$ (1,090)	-9%	\$ 31,750	35%
Planning	\$ 90,263	\$ 73,120	\$ (17,143)	-19%	\$ 170,850	43%
Building Inspection	\$ 90,988	\$ 120,584	\$ 29,596	33%	\$ 273,500	44%
Police	\$ 1,230,662	\$ 1,276,399	\$ 45,737	4%	\$ 2,613,000	49%
Animal Control	\$ 42,553	\$ 57,316	\$ 14,763	35%	\$ 143,850	40%
Recreation	\$ 13,194	\$ 12,170	\$ (1,024)	-8%	\$ 69,400	18%
Library	\$ 132,705	\$ 137,908	\$ 5,203	4%	\$ 287,700	48%
Senior Center	\$ 91,051	\$ 105,797	\$ 14,746	16%	\$ 230,750	46%
Parks Maintenance	\$ 171,972	\$ 187,812	\$ 15,840	9%	\$ 396,500	47%
Aquatic Center	\$ 95,355	\$ 83,222	\$ (12,133)	-13%	\$ 249,750	33%
Facilities Maintenance	\$ 158,988	\$ 157,053	\$ (1,935)	-1%	\$ 346,650	45%
Fleet Maintenance	\$ 145,343	\$ 162,351	\$ 17,008	12%	\$ 336,600	48%
Engineering	\$ 29,026	\$ 37,906	\$ 8,880	31%	\$ 74,750	51%
Non Departmental	\$ 448,028	\$ 286,388	\$ (161,640)	-36%	\$ 923,250	31%
Total Expenditures	\$ 3,442,827	\$ 3,485,761	\$ 42,934	1%	\$ 7,854,300	44%
Total Revenue Over (Under)						
Total Expenditures	\$ 11,928	\$ 100,307	\$ 88,379		\$ 110,000	
GENERAL FUND (Continued)						
Total General Fund Expenditures are up \$42,934 or 1% compared to last fiscal year. Through December each department should be less than 50%. In total the General Fund Departments are at 44%.						

Town of Chino Valley						
Revenue and Expense Summary						
For the Six Months Ending December 31, 2014 50% of the Fiscal Year						
			Actual vs Prior Year			
	Actual Year to Date FY 2013-14	Actual Year to Date FY 2014-15	Amount	% FY 2014-15/ FY 2013-14	Annual Budget FY 2014-15	% of Budget YTD
HIGHWAY USER REVENUE FUND						
Total Revenues	\$ 366,682	\$ 398,589	\$ 31,907	9%	\$ 1,235,350	32%
Expenditures						
Road Maintenance	\$ 437,788	\$ 379,666	\$ (58,122)	-13%	\$ 1,200,350	32%
Total Revenue Over (Under)						
Total Expenditures	\$ (71,106)	\$ 18,923	\$ 90,029		\$ 35,000	
Total Fund Revenues are up 9% over the prior fiscal year due to the budgeted increase in HURF fund distributions. Expenditures are down 13% this fiscal year, but staff estimates the department will be on budget by the end of the fiscal year.						
WATER ENTERPRISE FUND						
Water Revenues	\$ 250,304	\$ 209,275	\$ (41,029)		\$ 433,000	
Transfers In	\$ 110,000	\$ 140,350	\$ 30,350		\$ 280,700	
Total Revenues	\$ 360,304	\$ 349,625	\$ (10,679)	-3%	\$ 713,700	49%
Expenditures						
Water Utility Operations	\$ 270,617	\$ 260,787	\$ (9,830)		\$ 611,800	
Debt Service/Reserve	\$ -	\$ -	\$ -		\$ 101,900	
Total Expenditures	\$ 270,617	\$ 260,787	\$ (9,830)	-4%	\$ 713,700	37%
Total Revenue Over (Under)						
Total Expenditures	\$ 89,687	\$ 88,838	\$ (849)		\$ -	
Total Water Enterprise Fund Revenues are down due to reduced Water Buy In fees so far this fiscal year and a 8% reduction in Water Service Fees. Water Service Fees appear to be recovering slightly each month. Expenditures are down due to a large repair last fiscal year.						
SEWER ENTERPRISE FUND						
Total Revenue	\$ 717,525	\$ 758,806	\$ 41,281	6%	\$ 1,753,914	43%
Expenditures						
Sewer	\$ 396,335	\$ 428,144	\$ 31,809		\$ 982,100	
Debt Service/Reserve	\$ 84,184	\$ 82,102	\$ (2,082)		\$ 771,814	
Total Expenditures	\$ 480,519	\$ 510,246	\$ 29,727	6%	\$ 1,753,914	29%
Total Revenue Over (Under)						
Total Expenditures	\$ 237,006	\$ 248,560	\$ 11,554		\$ -	
Total Sewer Enterprise Fund Revenues are only up 6% over last fiscal year due to reduced Sewer Buy In Fees this fiscal year. Sewer Service Fees are up 11% and department expenditures are up 6%.						

Town of Chino Valley						
Revenue and Expense Summary						
For the Six Months Ending December 31, 2014 50% of the Fiscal Year						
			Actual vs Prior Year			
	Actual Year to Date FY 2013-14	Actual Year to Date FY 2014-15	Amount	% FY 2014-15/ FY 2013-14	Annual Budget FY 2014-15	% of Budget YTD
CAPITAL IMPROVEMENT FUND * (excludes bond projects)						
Total Revenues	\$ 611,058	\$ 622,957	\$ 11,899	2%	\$ 5,010,132	12%
Lease Purchase Proceeds		\$ 715,346				
Bond Proceeds		\$ 3,310,000				
Transfers In Road Impact Fees	\$ 243,280	\$ -	\$ (243,280)		\$ 886,000	
Capital Improvements	\$ 456,862	\$ 350,170	\$ (106,692)		\$ 4,776,000	
Equipment Acquisition		\$ 593,802				
WWTP Acquisition		\$ 3,310,000				
Transfers	\$ 429,049	\$ 625,066	\$ 196,017		\$ 1,120,132	
Total Expenditures	\$ 885,911	\$ 4,879,038	\$ 89,325	10%	\$ 5,896,132	83%
Total Revenue Over (Under)						
Total Expenditures	\$ (31,573)	\$ (230,735)	\$ (320,706)		\$ -	
Capital Improvement Fund Revenues are up slightly by 2% over the prior fiscal year primarily due to an increase in Construction Sales Tax activity. Transfers are up due to the increased amount budgeted this fiscal year.						
Detailed Capital Improvement Fund Projects Funded by Road Impact Fees		Actual Year to Date FY 2014-15	Annual Budget FY 2014-15			
Center Street Box Culvert		\$ 250,193	\$ 500,000			
Road 1 East & Road 3 South		\$ 1,243	\$ 200,000			
Center Street Rd1 E and Rail		\$ -	\$ 150,000			
Design on Peavine Trail		\$ -	\$ 36,000			
		\$ 251,436	\$ 886,000			

Town of Chino Valley						
Revenue and Expense Summary						
For the Six Months Ending December 31, 2014 50% of the Fiscal Year						
			Actual vs Prior Year			
	Actual Year to Date FY 2013-14	Actual Year to Date FY 2014-15	Amount	% FY 2014-15/ FY 2013-14	Annual Budget FY 2014-15	% of Budget YTD
OTHER MINOR FUNDS						
Other Minor Funds -Revenues						
CDBG Grant	\$ -	\$ -	\$ -		\$ 264,000	
Grants Fund	\$ 130,427	\$ 147,780	\$ 17,353		\$ 3,470,000	
Special Revenue Fund Court	\$ 4,425	\$ 3,285	\$ (1,140)		\$ 15,600	
Capital Asset Replacement	\$ 86	\$ 2,543	\$ 2,457		\$ 500	
Police Impact Fee Funds	\$ 8,592	\$ 402	\$ (8,190)		\$ 111	
Library Impact Fee Funds	\$ 32,168	\$ 16,562	\$ (15,606)		\$ -	
Parks/Rec Impact Fee Funds	\$ 7,036	\$ 9	\$ (7,027)		\$ -	
Roads Impact Fee Funds	\$ 74,715	\$ 2,689	\$ (72,026)		\$ 1,000	
Special Revenue Fund PD	\$ 17,354	\$ 27,292	\$ 9,938		\$ 40,000	
CVSLID Districts	\$ 499	\$ 2,785	\$ 2,286		\$ 4,000	
Total Revenues	\$ 275,302	\$ 203,347	\$ (71,955)	-26%	\$ 3,795,211	5%
CDBG Grant	\$ -	\$ -	\$ -		\$ 264,000	
Grants Funds	\$ 142,492	\$ 71,594	\$ (70,898)		\$ 3,470,000	
Special Revenue Fund - Court	\$ 2,785	\$ 4,775	\$ 1,990		\$ 35,000	
Capital Replacement Fund	\$ -	\$ -	\$ -		\$ 10,000	
Police Impact Fee Funds	\$ 559	\$ 2,024	\$ 1,465		\$ 79,014	
Library Impact Fee Funds	\$ 122,117	\$ 16,562	\$ (105,555)		\$ 7,000	
Parks/Rec Impact Fee Funds	\$ (8,811)	\$ 18,474	\$ 27,285		\$ 24,564	
Roads Impact Fee Funds	\$ 243,280	\$ -	\$ (243,280)		\$ 886,000	
Special Revenue Fund PD	\$ 7,040	\$ 11,034	\$ 3,994		\$ 40,000	
CVSLID Districts	\$ 1,899	\$ 1,946	\$ 47		\$ 4,000	
Total Expenditures	\$ 511,361	\$ 126,409	\$ (384,952)	-75%	\$ 4,819,578	3%
Total Revenue Over (Under)						
Total Expenditures	\$ (236,059)	\$ 76,938	\$ 312,997		\$ (1,024,367)	
TOTAL ALL FUNDS						
Total Revenue All Funds	\$ 5,785,626	\$ 5,919,392	\$ 133,766	2%	\$ 20,472,607	29%
Total Expenditures All Funds	\$ 6,029,023	\$ 9,641,907	\$ (290,918)	-5%	\$ 22,237,974	43%
Total Revenue Over (Under)						
Total Expenditures All Funds	\$ (243,397)	\$ (3,722,515)	\$ 424,684		\$ (1,765,367)	
(1) Budget does not include Carryover Amounts from Prior Fiscal Years						
(2) Year to date amounts include actual expenditures paid to date.						

Town of Chino Valley
Major Revenue Summary
For the Six Months Ending December 31, 2014 50% of the Fiscal Year

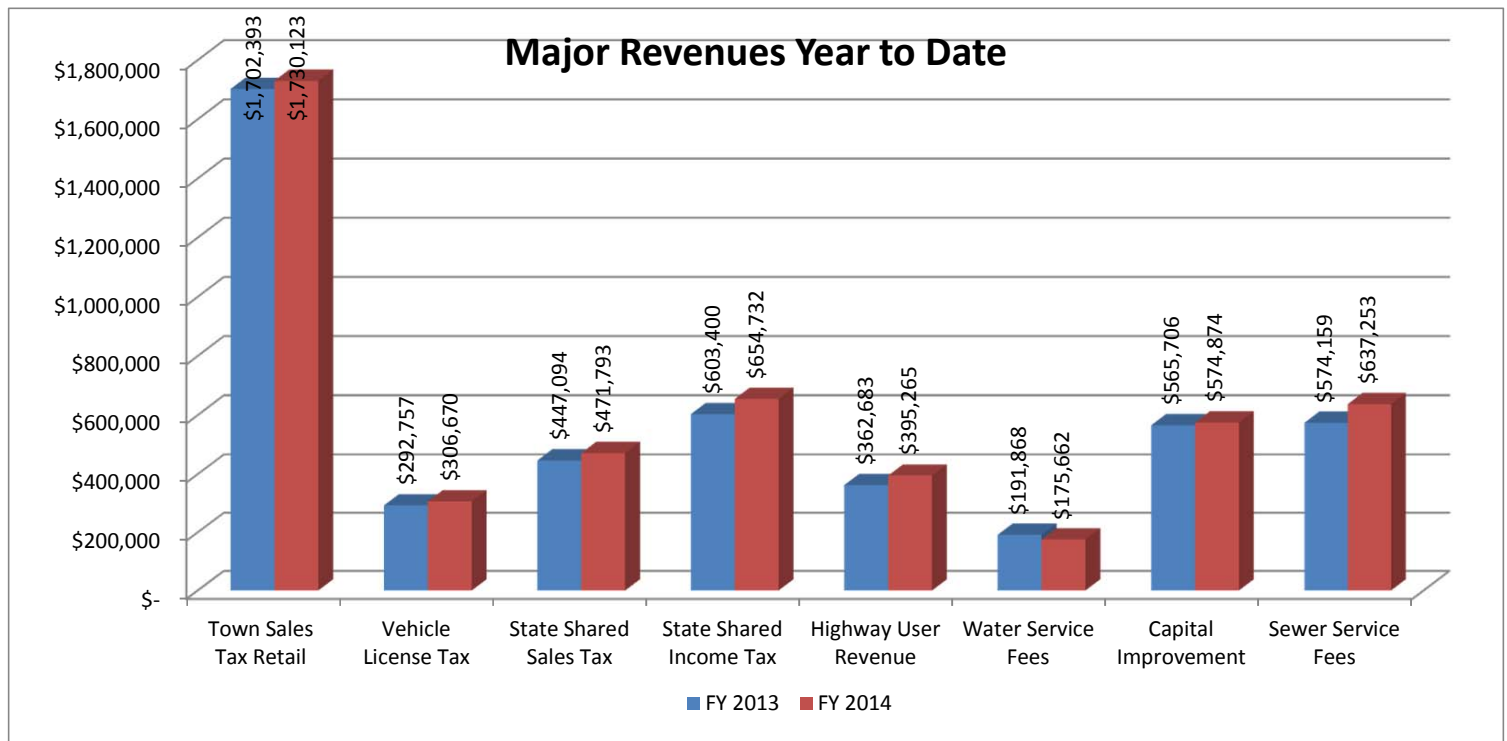
					Actual vs Prior Year	
	Actual Year to Date FY 2013-14	Annual Budget FY 2014-15	Actual Year to Date FY 2014-15*	% of Budget YTD	Amount	%
Town Sales Tax Retail	\$ 1,702,393	\$ 3,500,000	\$ 1,730,123	49%	\$ 27,730	2%
Vehicle License Tax	\$ 292,757	\$ 597,000	\$ 306,670	51%	\$ 13,913	5%
State Shared Sales Tax	\$ 447,094	\$ 977,000	\$ 471,793	48%	\$ 24,699	6%
State Shared Income Tax	\$ 603,400	\$ 1,309,000	\$ 654,732	50%	\$ 51,332	9%
Highway User Revenue	\$ 362,683	\$ 805,000	\$ 395,265	49%	\$ 32,582	9%
Water Service Fees	\$ 191,868	\$ 363,000	\$ 175,662	48%	\$ (16,206)	-8%
Capital Improvement	\$ 565,706	\$ 1,160,760	\$ 574,874	50%	\$ 9,168	2%
Sewer Service Fees	\$ 574,159	\$ 1,301,423	\$ 637,253	49%	\$ 63,094	11%
Major Revenues Y.T.D.	\$ 4,740,060	\$ 10,013,183	\$ 4,946,372	49%	\$ 206,312	4%
Total Revenue All Funds	\$ 5,785,626	\$ 20,472,607	\$ 5,919,392	29%	\$ 133,766	2%

82%

49%

84%

The Major Revenues are up \$206,312 or 4% over the prior fiscal year continuing the current trend. Town Sales Tax Retail is only up slightly due to the Town no longer collecting for the Pipeline Transportation Tax as a sales tax, however construction sales tax is up 7% so far this fiscal year. Water Service Fees are down due to decreased usage but appear to be recovering slightly each month.



Impact Fee Fund Recaps					
For the Six Months Ending December 31, 2014			50% of the Fiscal Year		
	Police Impact Fees	Library Impact Fees	Parks/Rec Impact Fees	Roads Impact Fees	
Beginning Fund Balance @ 6/30/14	\$ 82,789	\$ -	\$ 40,614	\$ 1,352,095	
Impact Fees Revenue to Date	\$ 402	\$ 16,562	\$ 9	\$ 2,689	
Impact Fees Expenditures to Date	\$ 2,024	\$ 16,562	\$ 18,474	\$ -	
Ending Fund Balance to Date	\$ 81,167	\$ -	\$ 22,149	\$ 1,354,784	
Budgeted Expenditures FY 14/15	\$ 790,014	\$ -	\$ 24,564	\$ 886,000	
Contingency Funds Budget					
For the Six Months Ending December 31, 2014			50% of the Fiscal Year		
	Actual Year to Date FY 2014-15	Annual Budget FY 2014-15			
General Fund Budget		\$ 367,000			
General Fund Balance		\$ 367,000			
HURF Fund Budget		\$ 42,000			
Water Fund Budget		\$ 31,000			
Sewer Fund Budget		\$ 49,000			
Balance of Contingency Budget	\$ -	\$ 489,000			
Annual Debt Service Summary By Fund					
Fiscal Year Ended June 30, 2015					
Debt Issue	Date Issued	Original Amount	Outstanding Amount as of June 30, 2014	FY 2015 Principal	FY 2015 Interest
General Government					
GADA Loan 2007A	7/1/2011	\$ 3,825,000	\$ 3,620,000	\$ 235,000	\$ 172,794
US Bank Series 2010	12/15/2010	\$ 7,280,000	\$ 7,280,000		\$ 331,638
		\$ 11,105,000	\$ 10,900,000	\$ 235,000	\$ 504,432
Water Enterprise Fund					
US Bank Series 2010	12/15/2010	\$ 745,000	\$ 610,000	\$ 45,000	\$ 25,882
Sewer Enterprise Fund					
WIFA	1/10/2007	\$ 1,580,000	\$ 1,090,290	\$ 77,886	\$ 30,070
WIFA	1/11/2008	\$ 4,853,000	\$ 3,738,165	\$ 242,138	\$ 105,192
USDA	2/16/2007	\$ 1,595,000	\$ 1,413,024	\$ 38,702	\$ 57,574
USDA	4/10/2008	\$ 1,505,000	\$ 1,372,832	\$ 34,877	\$ 55,975
USDA	4/16/2008	\$ 1,332,000	\$ 1,215,957	\$ 30,820	\$ 49,580
		\$ 10,865,000	\$ 8,830,268	\$ 424,423	\$ 298,391
Total Town of Chino Valley Debt		\$ 22,715,000	\$ 20,340,268	\$ 704,423	\$ 828,705



TOWN OF CHINO VALLEY COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting

Item No. **7. a.**

Meeting Date: 03/10/2015
Contact Person: Joe Duffy, Finance Director
 Phone: 928-636-2646 x-1211
Department: Finance
Item Type: Action Item - Presentation
Estimated length of staff presentation: 5 minutes
Physical location of item: n/a

AGENDA ITEM TITLE:

Consideration and possible direction to staff regarding budget items discussed, including pool operations, at the February 26, 2015 Study Session.

RECOMMENDED ACTION:

Direction to staff regarding budget items discussed at the February 26, 2015 Study Session.

SITUATION AND ANALYSIS:

Issue Statement

The Town Council met on February 26, 2015 to discuss the current and future years budget projections. Many items were reviewed and discussed. Items requiring Council action will be presented at this meeting for consideration and possible action.

Fiscal Impact

Fiscal Impact?: No

If Yes, Budget Code:

Available:

Funding Source:

Attachments

No file(s) attached.

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TOWN OF CHINO VALLEY COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting

Item No. **7. b.**

Meeting Date: 03/10/2015
Contact Person: Jami Lewis, Town Clerk
 Phone: 928-636-2646 x-1208
Department: Council
Item Type: Action Item
Estimated length of staff presentation: 10 minutes
Physical location of item: Community Center Park

AGENDA ITEM TITLE:

Consideration and possible action to: (i) make the finding that there is a reasonable basis for constructing the Chino Valley Skate Park capital project in-house, and that this project is not being constructed in-house to avoid the bidding requirements, pursuant to the Town's Procurement Policy; (ii) authorize the use of \$19,000 in Parks Impact Fees for the project; and (iii) direct staff to report to Council after a project stakeholder's meeting.

RECOMMENDED ACTION:

(i) Make the finding that there is a reasonable basis for constructing the Chino Valley Skate Park capital project in-house, and that this project is not being constructed in-house to avoid the bidding requirements, pursuant to the Town's Procurement Policy; (ii) Authorize the use of \$19,000 in Parks Impact Fees for the project; and (iii) Direct staff to report to Council after a project stakeholder's meeting.

SITUATION AND ANALYSIS:

During the February 24, 2015 Council meeting, Council considered this item and voted 3-3 (with 1 absence) to approve it, resulting in the motion failing. Mayor Marley and Vice-Mayor Croft desire to bring the item back for consideration. Robert's Rules of Order (Rule 38) allows a motion that has been rejected to be introduced again at any future session:

38. Renewal of a Motion. When an original main motion or an amendment has been adopted, or rejected, or a main motion has been postponed indefinitely, or an objection to its consideration has been sustained, it, or practically the same motion, cannot be again brought before the assembly at the same session, except by a motion to reconsider or to rescind the vote. But it may be introduced again at any future session.

The staff report from February 24 is as follows:

Issue Statement

On December 10, 2013, the Town entered into a professional services contract with California Skate

Parks for the development of a concept and the necessary construction documents, based on that concept, for the construction of the Town of Chino Valley Skate Park. In December 2014, these construction documents were delivered to the Town. A set of the final construction documents is available in the Council's offices for review.

Since the development of this project, significant public support has been given for the project. Large companies, and many individuals, have offered to donate materials and labor for the successful delivery of this project. The engineer's estimate for the project is in excess of \$855,000. The availability of funding for this project will come from Parks Impact Fees and is estimated at \$19,000.00. John Willoughby, grants writer, is currently pursuing other funding for the project estimated at approximately \$50,000, bringing the total project budget to \$69,000.00.

Concrete for the project has been donated by Drake Cement. The rebar for the project has been donated by local individuals. The shot-crete for the project is being donated by Muddy Buddies. However, there is still a significant lack of resources necessary to deliver this project. A meeting is set for March 4, 2015 at 2:00 P.M. in the Council Chambers with local contractors, suppliers, and engineers in an effort to develop a consortium of resources that will develop a strategy necessary to deliver this project based on the availability of funding.

Under the recently adopted procurement policy, a capital project may be constructed as an in-house project using primarily regularly employed Town personnel and volunteers. In order to do so, the Town Council must make a finding that there is a reasonable basis for constructing the project in-house and that the project is not being constructed in-house to avoid the bidding requirements. The purpose of this agenda item is to request the Council to make these findings with respect to the construction of Chino Valley Skate Park and declare this as in-house projects.

The Town is in the unique position of having many its Public Works employees with experience with heavy equipment and road construction experience to provide some base preparation for the Skate Park. These factors provide a reasonable basis to support the Council's findings as recognized by Section 32.05 (D)(g) of the Town Code.

The Town has secured engineering construction plans for the Chino Valley Skate Park Project and intends to construct in accordance with these documents. The Town will use its professional engineering staff for the project management and quality assurance oversight for the project. The two Town employees will provide the construction oversight to assure that the project is constructed in accordance with industry standards and the construction documents.

Based on the engineering cost estimates provided, items 3-14 are listed as items that may be performed by the Town and has an engineering estimate of \$186,670.00. Staff is not representing that these cost estimates are correct and accurate, however, they do represent a professional engineering estimate that will be significantly higher than the actual costs that the Town will incur.

As stated in the Town's procurement policies, the Town can use volunteers to complete a project that is declared as an in-house project. By authorizing the Public Works Department to perform some of the necessary preparatory work and use its professional engineers as oversight we can coordinate the necessary volunteers and other staff members necessary to successfully deliver this project to the public.

Applicable "Policy"

The Town's procurement policy allows the Council to declare a project as an in-house project. This declaration allows the Town's professional staff to coordinate the necessary volunteers and use Public Works crews to assist in the base preparation of the project.

Satisfaction of “Policy”

The Town's procurement policy allows for the Council to declare a project as an in-house project. This declaration satisfies the Town's procurement policy.

Summary of Issues and Staff Rationale

N/A

Findings of Fact

N/A

Fiscal Impact

Fiscal Impact?: Yes

If Yes, Budget Code:

Available: 19,000

Funding Source:

Funds to come from Parks Impact Fees \$13,000 and P&R Grant Funds \$ 6,000.

Attachments

Cost Estimate



Chino Valley Skate Park
Chino Valley, AZ
Phase: 100% Cost Estimate
Date: 12/22/2014

Unit Prices may be adjusted per Town of Chino Valley if they are to perform the scope of work, Quantities shown for reference.

Construction - Permitting & Testing

ITEM NO.	DESCRIPTION	APPROX. QUANTITY AND UNIT	UNIT PRICE	Amount
1	Permits - All permit fees will be waived by the Town of Chino Valley (VERIFIED)	0 EA	\$ -	\$ -
SUBTOTAL				\$ -

Construction - General Conditions

ITEM NO.	DESCRIPTION	APPROX. QUANTITY AND UNIT	UNIT PRICE	TOTAL AMOUNT
2	Mobilization (15%)	1 EA	15%	\$ 105,144.38
SUBTOTAL				\$ 105,144.38

Construction - Clearing & Demo (QUANTITIES SHOWN ONLY FOR TOWN REFERENCE)

ITEM NO.	DESCRIPTION	APPROX. QUANTITY AND UNIT	UNIT PRICE	TOTAL AMOUNT
3	Clearing & Grubbing (To be performed by the Town of Chino Valley)	30,750 SF	\$ -	\$ -
4	Demolition of Existing storage yard paved surface (To be performed by the Town of Chino Valley)	2,100 SF	\$ -	\$ -
5	Demolition of Trees to be removed (To be performed by the Town of Chino Valley)	3 EA	\$ -	\$ -
6	Demolition of Existing 6'-0" Chain Link Fence (To be performed by the Town of Chino Valley)	310 LF	\$ -	\$ -
7	Demolition of Existing 4'-0" Barn Fence (To be performed by the Town of Chino Valley)	135 SF	\$ -	\$ -
8	Demolition of Existing Water line to be removed or capped (To be performed by the Town of Chino Valley)	0 LF	\$ -	\$ -
SUBTOTAL				\$ -

Construction - Earthwork / Subgrade-Prep & Drainage

ITEM NO.	DESCRIPTION	APPROX. QUANTITY AND UNIT	UNIT PRICE	TOTAL AMOUNT
9	Site Grading (outside skate park areas) (May be performed by the Town of Chino Valley, price to be reviewed and adjusted if necessary)	11,150 SF	\$ 1.00	\$ 11,150.00
10	Skate Park Rough Grading (Plaza)	19,600 SF	\$ 2.50	\$ 49,000.00
11	Skate Park Fine Grading (Plaza)	19,600 SF	\$ 2.50	\$ 49,000.00
12	Export (To be performed by the Town of Chino Valley, price to be reviewed and adjusted if necessary)	865 CY	\$ 30.00	\$ 25,950.00
13	Import - 18" Structural Fill per Geotechnical Recommendations (To be performed by the Town of Chino Valley, price to be reviewed and adjusted if necessary)	1,506 CY	\$ 30.00	\$ 45,180.00
14	French Drain with 4" - 6" Perforated PVC Pipe (To be performed by the Town of Chino Valley, price to be reviewed and adjusted if necessary)	213 LF	\$ 30.00	\$ 6,390.00
SUBTOTAL				\$ 186,670.00

Skate Park Construction - Cast-In-Place Concrete

ITEM NO.	DESCRIPTION	APPROX. QUANTITY AND UNIT	UNIT PRICE	TOTAL AMOUNT
15	Sawcuts (May be performed by the Town of Chino Valley, price to be reviewed and adjusted if necessary)	2,335 LF	\$ 1.50	\$ 3,502.50
16	Cold Joints (May be performed by the Town of Chino Valley, price to be reviewed and adjusted if necessary)	1,005 LF	\$ 2.00	\$ 2,010.00
17	Expansion Joints (May be performed by the Town of Chino Valley, price to be reviewed and adjusted if necessary)	730 LF	\$ 2.00	\$ 1,460.00
18	6" Flat Top Deck - Rebar Reinforced Concrete	15,038 SF	\$ 10.00	\$ 150,380.00
19	12" Deck Thickened Edge - Rebar Reinforced	1,000 SF	\$ 25.00	\$ 25,000.00
20	Stairs / Steps - Rebar Reinforced Concrete	315 SF	\$ 60.00	\$ 18,900.00
21	Ledges / Boxes / Manual Pads / Jersey Barriers - Including Thick Edge Type Footing	528 CF	\$ 75.00	\$ 39,600.00
22	Turndown Wall (12" - 36")	285 CF	\$ 70.00	\$ 19,950.00

Skate Park Construction - Concrete Pigment

23	Colored Concrete Pigment	3,000 SF	\$ 3.00	\$ 9,000.00
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Skate Park Construction - Shotcrete (SPECIALTY)				
24	6" Transition - Shotcrete	3,487 SF	\$ 30.00	\$ 104,610.00
25	6" Banks - Shotcrete	2,098 SF	\$ 25.00	\$ 52,450.00
26	Extensions - Shotcrete	5 SF	\$ 80.00	\$ 400.00
Skate Park Construction - Metal FabricationS (SPECIALTY)				
27	2" Round Steel Coping	180 LF	\$ 50.00	\$ 9,000.00
28	6" x 4" Angle Iron Tray	65 LF	\$ 55.00	\$ 3,575.00
29	6" C-Channel Coping	565 LF	\$ 55.00	\$ 31,075.00
30	6" Face Plate	380 LF	\$ 50.00	\$ 19,000.00
31	BMX Protection- Straight	0 LF	N/A	N/A
32	BMX Protection- Radial	0 LF	N/A	N/A
Skate Park Construction - Metal Fabrications (SPECIALTY)				
33	2" Round Steel Rail	90 LF	\$ 125.00	\$ 11,250.00
34	2" x 3" Vertical Rectangular Steel Rail	30 LF	\$ 135.00	\$ 4,050.00
35	2" x 6" Vertical Rectangular Steel Rail	20 LF	\$ 150.00	\$ 3,000.00
36	Rail Footings	154 CF	\$ 20.00	\$ 3,080.00
Skate Park Construction - Entry Signs				
37	Metal Entry / Rules Sign with Tubular Steel Post	1 EA	\$ 3,000.00	\$ 3,000.00
SUBTOTAL				\$ 514,292.50

Construction				
ITEM NO.	DESCRIPTION	APPROX. QUANTITY AND UNIT	UNIT PRICE	TOTAL AMOUNT
38	Construction Contingency (7%)	1 EA	7%	\$ 49,067.38
39	Sales Tax (No sales tax will need to be assessed, this will be a tax exempt project completed by the Town) (VERIFIED)	0 EA	\$ -	\$ -
SUBTOTAL				\$ 49,067.38

TOTAL PROJECT COST ESTIMATE	\$ 855,174.25
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TOWN OF CHINO VALLEY COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting

Item No. 7. c.

Meeting Date: 03/10/2015
Contact Person: Liz Hart, Deputy Town Clerk/Records Technician
 Phone: 928-636-2646 x-1210
Department: Council
Item Type: Action Item
Estimated length of staff presentation: None
Physical location of item: N/A

AGENDA ITEM TITLE:

Discussion and possible action to address a complaint filed by Mayor Chris Marley against Councilmember Linda Hatch pursuant to Town Code Chapter 35 Code of Ethics Section 35.04 Conduct in Public Office. (Vice Mayor Croft/Mayor Marley)

RECOMMENDED ACTION:

Move to: (A) adopt a resolution No. 15-1055 censuring Councilmember Hatch for refusing to comply with public records requests for records in her possession when such records did, in-fact exist; and (B) demanding that Councilmember Hatch comply with said requests by furnishing any missing documents to the Chino Valley Town Attorney within ten business days.

SITUATION AND ANALYSIS:

The complaint refers to Ms. Hatch's refusal to provide certain emails sent to and from Ms. Hatch's personal email accounts as requested in two records requests dated 2-10-15 and 2-17-15 by denying that such e-mails existed.

Fiscal Impact

Fiscal Impact?: None
If Yes, Budget Code:
Available:
Funding Source:

Attachments

Code of Conduct
February 5, 2015 records request

February 10, 2015 records request

February 17, 2015 records request

Email Responses

Res No 15-1055

Hatch-McKee Resignation Letters

§ 35.04 CONDUCT IN PUBLIC OFFICE.

(A) The public official shall not discuss or divulge confidential information acquired by him or her in the course of his or her official duties nor shall he or she use this information for his or her own personal interest or aggrandizement.

(B) The public official shall respect the rights, privileges and opinions of his or her fellow officials, staff and the public at large. Council members shall exhibit respect for the public, other governmental units and agencies, and the professional and ethical conduct of the Town Manager and staff. Propriety dictates that the public official be sensitive to the possible confidential or personal nature of directives addressed to other individuals. In bringing honor to the title and in recognition of the weighty respect due the role of public official, those elected to public office shall:

- (1) Lead by example;
- (2) Demonstrate civil and courteous conduct at all times;
- (3) Seek and speak the truth;
- (4) Respect all people;
- (5) Accept respectful dissension as a civic right.

(C) In his or her dealings with town employees, the public official shall maintain professional conduct with respect to the employee's work assignments and obligations, and shall refrain from directly influencing the professional management of the town's administration by any means other than direct communication with the Town Manager. The office of the public official shall in no situation be used to wrongfully obtain information or administrative outcomes, either by intimidation or by deliberately violating the privacy of an employee's work station.

(D) All public officials are expected to honor the mandates set forth in this code of ethics. Complaints alleging violations to this chapter shall be received in writing by the Mayor and/or Vice Mayor, unless they are named in the complaint and in that circumstance, such written complaint shall be received by the Town Attorney. Complaints will be addressed by the Council within 60 days of receipt.

(2001 Code, § 2-6-4) (Am. Ord. 13-768, passed 4-9-2013)



TOWN CLERK DEPARTMENT

202 N. State Route 89
Chino Valley, AZ 86323
Phone (928) 636-2646
Fax (928) 636-2144
www.chinoaz.net

PUBLIC RECORDS INSPECTION / REPRODUCTION REQUEST

A.R.S. § 39-121.01 and § 39-121.03

I, the undersigned, hereby request: ☒ Paper copies ☐ Electronic copies ☐ View only

of the following public records (be as specific as possible):

- 1) any e-mails between Council Member Hatch and City of Council Member Jean Wilcox from 1/28/2015 to today.
- 2) any e-mails between Council Member Hatch and Magistrate Judge John Walker from 1/28/2015 to today.
- 3) any e-mails between Council Member Hatch and Prescott City Attorney Jon Paladini from 1/28/2015 to today.
- 4) any e-mails between Judge John Walker and Prescott City Attorney Jon Paladini from 1/28/2015 to today.

I certify that the public records will be used for: ☒ Non-commercial ☐ Commercial purposes

If for commercial purposes, describe the manner in which these records will be used:

I declare that I have read A.R.S. § 39-121.01 and/or § 39-121.03 attached to this form and understand the contents therein. I further declare under penalty of perjury that the foregoing is correct and true.

Name of Requestor (please print) Mayor Chris Marley

Mailing Address 202 N State Route 89

City Chino Valley

State AZ

Zip 86323

Telephone 928-308-9888

Email Address cmarley@chinoaz.net

Requestor Signature

Date 2/5/2015

For Official Use Only

Log #

15-02-01

Referred to Department(s): I T.

Date 2/5/15

Comments No Records Exist

Date 2-5-2015

Completed by Spencer Hunt

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TOWN CLERK DEPARTMENT
 202 N. State Route 89
 Chino Valley, AZ 86323
 Phone (928) 636-2646
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www.chinoaz.net

**PUBLIC RECORDS
 INSPECTION /
 REPRODUCTION REQUEST**

A.R.S. § 39-121.01 and § 39-121.03

I, the undersigned, hereby request: ☒ **Paper copies** ☐ **Electronic copies** ☐ **View only**
 of the following public records (be as specific as possible):

ANY E-MAILS, TEXTS, OR LETTERS BETWEEN COUNCILMEMBER HATCH AND ANY
MEMBERS OF PRESCOTT CITY COUNCIL PERTAINING TO MUNICIPAL COURT OR
PROSECUTORIAL SERVICES FROM JANUARY 15, 2015 TO PRESENT.

I certify that the public records will be used for: ☒ **Non-commercial** ☐ **Commercial purposes**
 If for commercial purposes, describe the manner in which these records will be used:

I declare that I have read A.R.S. § 39-121.01 and/or § 39-121.03 attached to this form and understand the contents therein. I further declare under penalty of perjury that the foregoing is correct and true.

Name of Requestor (please print) CHRIS MARLEY, MAYOR

Mailing Address 202 N. STATE ROUTE 89

City CHINO VALLEY State AZ Zip 86323

Telephone (928) 3790481 Email Address CMARLEY@CHINOAZ.NET

Requestor Signature [Signature]

Date 2/10/2015

For Official Use Only

Log # 150202

Referred to Department(s): Councilmember Hatch Date 2/10/15

Comments _____

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TOWN CLERK DEPARTMENT
202 N. State Route 89
Chino Valley, AZ 86323
Phone (928) 636-2646
Fax (928) 636-2144
www.chinoaz.net

PUBLIC RECORDS
INSPECTION
REPRODUCTION REQUEST

A.R.S. § 39-121.01 and § 39-121.03

I, the undersigned, hereby request: ☒ **Paper copies** ☐ **Electronic copies** ☐ **View only**
of the following public records (be as specific as possible):

ALL CORRESPONDENCE (WRITTEN, E-MAIL OR TEXT) FROM 1/13/2015 TO THE PRESENT BETWEEN LINDA HATCH AND PAT MCKEE, LINDA HATCH AND LYNNE TREUSKY, AND LINDA HATCH AND NORM FREEMAN WHICH CONTAINS A REFERENCE TO ANY OF THE FOLLOWING: MAYOR CHRIS MARLEY, MAGISTRATE JOHN WALKER, OR THE PRESCOTT PROSECUTOR'S OFFICE (MR. HALSTED OR MR. PALADISI)

I certify that the public records will be used for: ☒ **Non-commercial** ☐ **Commercial purposes**
If for commercial purposes, describe the manner in which these records will be used:

I declare that I have read A.R.S. § 39-121.01 and/or § 39-121.03 attached to this form and understand the contents therein. I further declare under penalty of perjury that the foregoing is correct and true.

Name of Requestor (please print) CHRIS L. MARLEY

Mailing Address 202 N. STATE ROUTE 89

City CHINO VALLEY State AZ Zip 91732

Telephone (928) 379 0481 Email Address CMARLEY@CHINOPAZ.NET

Requestor Signature

Date 2/17/2015

For Official Use Only

LOG #

Referred to Department(s):

Date _____

Comments

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Date ☐ Mailed ☐ Picked up ☐ Emailed ☐ Other:

From: Jean Wilcox [jw86004@gmail.com]
Sent: Wednesday, February 04, 2015 7:49 PM
To: Paladini, Jon
Subject: FW: Town of Chino valley IGA

Fyi From: Linda Hatch
Sent: 2/4/2015 1:35 PM
To: Jean Wilcox
Subject: Re: Town of Chino valley IGA

Poor pleadings, basic facts totally mis pleaded, then requests to amend pleadings within 10 days of the hearing and Judge giving 10 days to respond (which is day of hearing) and prosecutor being upset that he cant get an automatic continuence and then dismissing the case. I am chair of our magistrate evaluation committee and notified mayor. He and town manager have set a meeting and requested judge to attend. I dont think that is appropriate. Judge does not work for them . Neither the mayor nor town manager speak for council and we may choose to terminate iga on 90 days notice. I am preparing documents to bring before the town council showing the poor services that we are being provided. In a criminal prosecution the city is obligated to find a substitute in arraignments and is obligated to do a competent job for the town of Chino. The errors in pleadings show a lack of interest in chino valley.

2

Sent from my iPad

> On Feb 4, 2015, at 1:09 PM, Jean Wilcox <jw86004@gmail.com> wrote:
>
> I'll look into it Linda. This is the first I've heard if a problem.
>
> Jean From: Linda Hatch
> Sent: 2/4/2015 12:15 PM
> To: Jean Wilcox
> Subject: Town of Chino valley IGA
> Your town failed repeatedly to provide us with a town prosecutor per
> the IGA. He dumped criminal cases in Chino Valley without providing a
> substitute (in favor of handling a civil matter for Prescott). Judge
> had to release several criminals on own recognizance, who had failed
> to appear previously and were picked up on a warrant. I can't believe
> how ridiculous your city attorney is in not holding up your end of the
> bargain. This agreement should be terminated. We are paying most of
> this attorney's salary and we are being shafted by Prescott.
> I'm sure you understand my point.
> Linda Hatch

From: Jean Wilcox [jw86004@gmail.com]
Sent: Friday, February 06, 2015 9:05 AM
To: Paladini, Jon
Subject: FW: Another trial he failed to provide defendant

Here is my response to Linda, along with the rest of the email string.

From: Jean Wilcox<mailto:jw86004@gmail.com>
Sent: 2/6/2015 9:02 AM
To: linda hatch<mailto:linda.hatch2@gmail.com>
Subject: RE: Another trial he failed to provide defendant

Linda, I may have misunderstood who requested the meeting. It may indeed be the mayor. Regardless, it is good they are meeting so Jon can hear and address their concerns.

Jean

From: linda hatch<mailto:linda.hatch2@gmail.com>
Sent: 2/5/2015 10:05 PM
To: Jean Wilcox<mailto:jw86004@gmail.com>
Subject: Re: Another trial he failed to provide defendant

2

No the Judge did NOT request the meeting. Chris, the mayor has very little understanding of the court and is trying to get the Judge to attend. Chris is saying that the Judge has to tell Paladini what he needs to do the job. Chris is an idiot. If the prosecutor fails, the judge just dismisses the charges. It is the town that is hurt by this. I have the documents. Paladini doesnt need to have the judge there to see the ridiculously poor job this attorney is doing. Additionally Paladini is the one who pulled the attorney away from his job at Chino Valley. It is the Council who can pull the IGA on 90 days notice. I have 3 council members now. I just need one more. We have given prescott more than enough time to supply decent council. Prescott in the time we have had this agreement has supplied only 1 attorney of 3 who actually did a decent job.

On Feb 5, 2015 9:43 PM, "Jean Wilcox" <jw86004@gmail.com<mailto:jw86004@gmail.com>> wrote:
Hi Linda,

I spoke with Jon Paladini today. He is meeting with the judge and the mayor next week, at the judge's request. So, he will take that opportunity to discuss any problems or concerns they may have about the City's Legal Department's work for the Town of Chino Valley. Jon had received no complaints about Clyde, the attorney assigned to Chino.

I hope this situation get worked out to everyone's satisfaction. Thanks for contacting me.

Jean

On Wed, Feb 4, 2015 at 3:37 PM, Linda Hatch <linda.hatch2@gmail.com<mailto:linda.hatch2@gmail.com>> wrote:
Prosecutor failed to provide defendant with the pictures the officers took at the scene and did not bring them to court. Some charges dismissed because of that. These are fundamental things that any attorney should know.

Sent from my iPad

Chris Marley

From: Jami Lewis
Sent: Monday, February 23, 2015 9:27 AM
To: Chris Marley
Cc: Phyllis Smiley
Subject: FW: public records request

Follow Up Flag: Follow up
Flag Status: Flagged

Below are Linda's responses to the mayor's two records requests.

Jami C. Lewis, CMC

Town Clerk
 Town of Chino Valley
 202 N. State Route 89
 Chino Valley, AZ 86323
 (928) 636-2646, ext. 1208
jlewis@chinoaz.net
www.chinoaz.net

From: Linda Hatch
Sent: Monday, February 23, 2015 8:58 AM
To: Jami Lewis
Subject: RE: public records request

Dont know about any of those requests but I dont use private emails for town business except when the system was down that one day and i sent an attorney client priveleged email to Phyllis. Also if you want me to search my email there will be a minimum charge of \$50 for the person to pay as that is my usual and customary fee minimum even if there isnt anything there.

From: Jami Lewis
Sent: Wednesday, February 18, 2015 8:58:14 AM
To: Linda Hatch
Subject: RE: public records request

Well, even though Chris' name on an email list *may* not be considered a "reference," I'd send it to be on the safe side.

Also, did you have anything responsive to the first records request #15-02-02 send 2/10/15?

Jami C. Lewis, CMC

Town Clerk
 Town of Chino Valley
 202 N. State Route 89
 Chino Valley, AZ 86323
 (928) 636-2646, ext. 1208
jlewis@chinoaz.net
www.chinoaz.net

From: Linda Hatch
Sent: Tuesday, February 17, 2015 7:08 PM
To: Jami Lewis
Cc: 688fc290@opayq.com
Subject: RE: public records request

I don't have anything that meets what he is asking for. I also don't think he has a right to ask for such things in that manner (it should say in your possession and control) but it doesn't matter anyway 'cause there would not be any on the computer. Oh wait, I have that one article that Lynne wrote and sent to my personal email that I forwarded to the town email and advised that she should use my town email.. I think that was the complaint about something but Chris's name was on the email list. Of course, I should charge an hour rate at \$50 an hour minimum plus printing costs if any. Maybe I should do that anyway.

From: Jami Lewis
Sent: Tuesday, February 17, 2015 3:58 PM
To: Linda Hatch
Subject: RE: public records request

It's a PDF. I'm resending. And I'll put a hard copy in your boxes.

Jami C. Lewis, CMC
 Town Clerk
 Town of Chino Valley
 202 N. State Route 89
 Chino Valley, AZ 86323
 (928) 636-2646, ext. 1208
jlewis@chinoaz.net
www.chinoaz.net

From: Linda Hatch
Sent: Tuesday, February 17, 2015 3:08 PM
To: Jami Lewis
Subject: RE: public records request

I can't download this.

From: Jami Lewis
Sent: Tuesday, February 17, 2015 11:07 AM
To: Linda Hatch; Pat McKee
Subject: public records request

Councilmembers Hatch and McKee,

Please review the attached public records request. We understand you may have documents, including emails, in your possession that are responsive to this request and are not in the Town's possession. Please review any documents you have that are responsive to this request and forward them to me at your earliest convenience so that they may be promptly provided to the requester, as required by Arizona law.

Jami C. Lewis, CMC
 Town Clerk

RESOLUTION NO. 15-1055

A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF CHINO VALLEY, YAVAPAI COUNTY, ARIZONA, CENSURING COUNCILMEMBER LINDA HATCH FOR REFUSING TO COMPLY WITH CERTAIN PUBLIC RECORDS REQUESTS BY DENYING THAT SUCH RECORDS EXISTED WHEN THEY DID, IN FACT, EXIST.

WHEREAS, Chapter 35, Code of Ethics of the Chino Valley Town Code establishes ethical standards of conduct for public officials of the town; and

WHEREAS, the Council deems it to be of the utmost importance that all members of the Council be held to the standards of conduct set forth in this Code of Ethics; and

WHEREAS, Section 35.04 of the Town Code (Conduct in Public Office) requires Councilmembers to lead by example and to seek and speak the truth; and

WHEREAS, on February 23, 2015 Councilwoman Hatch did respond to the two public records requests by denying that she had any records in her possession that fit the description and stating that she did not use personal email for Town business except under certain stated conditions; and

WHEREAS, the entire membership of the Chino Valley Town Council has been provided copies of four emails which fit the description listed in the public records requests that were obtained from another party to the email; and

WHEREAS, it is the Council's intent that the Code of Ethics be enforced,

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Common Council of the Town of Chino Valley, Arizona, that:

1. The Council finds such falsification and denial of the existence of public records in her possession to be unacceptable behavior for a public official and in violation of the Town's Code of Ethics.
2. Councilmember Linda Hatch is formally censured by the Chino Valley Town Council for such falsification and denial.
3. The Council demands that Councilmember Hatch comply immediately with Public Records Requests 15-02-02 and 15-02-05 by furnishing all documents responsive to the requests that are in her possession, electronically or otherwise, to the Chino Valley Town Attorney within ten business days of the approval of this Resolution.

PASSED AND ADOPTED by the Mayor and Common Council of the Town of Chino Valley, Arizona this ____ day of March, 2015.

Chris Marley, Mayor

ATTEST:

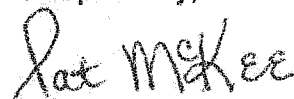
Jami C. Lewis, Town Clerk

February 23, 2015

To Whom This May Concern,

As of today's date, February 23, 2015, I am resigning my position on the MEC.

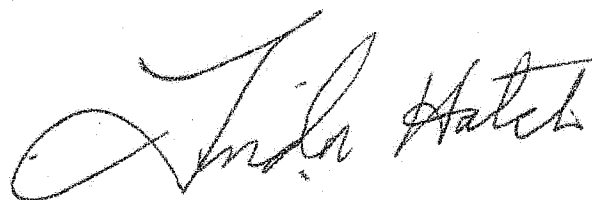
Respectfully,


Pat McKee

Feb 23, 2015

6:00pm

Effective, immediately
I am resigning
from the magistrate evaluation
Committee.



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TOWN OF CHINO VALLEY COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting

Item No. **7. d.**

Meeting Date: 03/10/2015
Contact Person: Ruth Mayday, Development Services Director
 Phone: 928-636-4427 x-1217
Department: Development Services
Item Type: Action Item
Estimated length of staff presentation: 15 minutes
Physical location of item: Town Hall, Library, Rec Center

AGENDA ITEM TITLE:

Informational hearing, consideration, and possible action to approve (1) Wireless Communications Facilities Project 2015 Master Agreement with SunState Towers, LLC and Pinnacle Consulting, Inc.; (2) Installation Contract for Wireless Communications Facilities Project 2015 with Pinnacle Consulting, Inc., and (3) Wireless Communications Site Lease with SunState Towers, LLC, all related to installation of three (3) wireless communications towers with Town dishes to be located on them to provide enhanced wireless capabilities between the Town Hall, North Campus (Library) and the Recreation Center.

RECOMMENDED ACTION:

The proposed wireless towers with Town dishes on them will provide the height required for the wireless system, which will in turn expedite communication between Town Hall, North Campus, and the Rec Center. The inclusion of Verizon antenna on the towers will provide greatly improved communication between field staff, the police, and data systems employed by the Town. By exchanging construction for leasing services, the Town can achieve these goals for a fraction of the cost of constructing three (3) towers on its own. Therefore, staff recommends approval of all three agreements.

Motion to approve (1) Wireless Communications Facilities Project 2015 Master Agreement with SunState Towers, LLC and Pinnacle Consulting, Inc.; (2) Installation Contract for Wireless Communications Facilities Project 2015 with Pinnacle Consulting, Inc., and (3) Wireless Communications Site Lease with SunState Towers, LLC

SITUATION AND ANALYSIS:

Issue Statement

Applicable "Policy"

Satisfaction of "Policy"

Summary of Issues and Staff Rationale

The Town is considering entering into agreements with Sunstate Towers and Pinnacle Consulting to provide ground space for the erection of two 100' Monopole towers and associated equipment buildings at the 202 N State Route 89 (South Campus) and the 1527 N Road 1 East (Community Center Campus). This agreement is a mutually beneficial providing Sunstate the needed tower presence in Chino Valley while enhancing Verizon wireless services and providing needed height for the Town's wireless data and communication network. A third 100' lattice tower, will be erected behind the 1020 W Palomino (Library Facility) with the only expenditure to the Town being the Tower structure itself and construction materials at a cost of \$13,849.73. Wireless antennas and equipment will be procured directly by the Town's MIS division at a cost of \$9775.11. Chino Valley Police Department has also requested installation of a repeater antenna to gain enhanced radio communication with officers. All tower installation, dish alignment and ground preparation services are to be provided by Sunstate at no cost to the Town. This added tower presence will allow the Town the capability to eliminate a CableOne leased fiber-optic connection saving the Town \$13,200 per year.

Town staff worked specifically with Sunstate based upon their strategic partnership with Verizon wireless who is the Town's wireless provider for all cellular phone and data services. This benefit coupled with a previous relationship with the current Town Manager allowed for a comfort and trust level in the professionalism and reputation of Sunstate Towers and Pinnacle Consulting to provide this service to the Town and community.

In the past, Town staff has sought methods to expand the Town's network to the various facilities owned by the Town. These efforts have proven difficult to accomplish utilizing lower cost point-to-point connections due to problems with line of sight. Line of sight testing has been conducted on two occasions both of which show the need for at least 75' towers to clear the mature tree line in Chino Valley. Expansion of the Town's network by these wireless communications will continue to play a key role in the Town's ability to streamline operations and effectively provide timely service to the citizens of Chino Valley. Enhanced signal quality and increased data transfer speeds (100Mbps CableOne to 1000Mbps) will allow the Town to improve its abilities to communicate between its various facilities. This allows the Town to improve its utilization of staff space at facilities such as the Community Center, Aquatic Center, Roads Building and the Waste Water Treatment facility. The available tower height provides the added benefit for the Police Department to install their repeater antenna to enhance radio communications for the Town's Police officers.

With Sunstate bringing in a stronger Verizon presence there is an added benefit for the various Town's field staff and monitoring capabilities. Development Services and Public Works are working to empower their field staff with smart phone and tablet technology to use for direct data entry in the field. This helps to reduce work load allowing for remote building inspections, utility meter reading and water and waste water system log entry while in the field, eliminating the need for handwritten reports and administrative data entry. Additionally, this enables field staff to pull up information in real-time without requiring return visits to the office, enhancing customer service, reducing errors and increasing the overall effectiveness of our field staff. Monitoring and management of Water and Waste Water systems will also benefit from the improved Verizon coverage as many of the Town's systems utilize Verizon services to send alarms and notifications when these systems need immediate attention.

First responders (CVPD, CVFD, YCSO) rely heavily upon Verizon wireless for their various data communications. Chino Valley Police specifically utilize Verizon for the Mobile Data Terminals to pull up critical information while on patrol. Sunstate and Verizon's ability to provide greater coverage will improve health and safety for the community at large by providing stronger signal and more reliable coverage for public safety and emergency services. Certain areas in the Town (e.g., Chino Meadows) are dead spots where the Verizon signal is unreliable; the enhanced Verizon coverage will help to

reduce these limited coverage areas for all emergency services. The need for additional coverage was especially evident on February 25, 2014, when CenturyLink services failed. Verizon's network was overloaded as it was the only functioning wireless communication provider operating, and 911 emergency system was not able to send or receive messages for a five (5) hour period.

Unified Development Ordinance Compliance

Section 4.25 Wireless Telecommunication Facilities sets forth the manner and placement of towers and antennas within the corporate boundaries of the Town. This Section was adopted upon the approval of Ordinance No. 13-76 on March 26, 2013. Prior to its adoption, a Public Hearing was held before the Planning and Zoning Commission on February 19, 2013, after notification in accordance with ARS 9-462.04 and Section 1.9.3 of the UDO. After taking public comment, the Commission forwarded the proposal to Town Council with a recommendation of approval.

Generally, towers greater than sixty-five (65) feet in height require the issuance of a Conditional Use Permit. Section 4.25 F (1) specifically exempt towers that are permitted by Subsection 4.25.E (2) from that requirement:

“If the tower or antenna is not a permitted use under subsection 4.25.E of this Ordinance, a conditional use permit shall be required for the construction of a tower or the placement of an antenna in all zoning districts. The maximum height of any such tower shall be sixty-five (65) feet.”

Further, Section 4.25.E (1) states the following:

“The uses listed in this subsection are deemed to be permitted uses and shall not require a conditional use permit.”

Therefore, a conditional use permit is not required for the proposed towers.

A number of the nine (9) goals of the Wireless Telecommunication Facilities section of the Unified Development Ordinance (UDO) are dedicated to encouraging location of towers in non-residential areas, joint use of new and existing tower sites, and enhance the ability of providers of telecommunications services to avail such services to the community quickly, effectively, and efficiently. Permitted uses are defined in Section 4.25(E), which specifically permits wireless facilities on property:

...owned, leased, or otherwise controlled by the Town; provided, however, a license or lease authorizing such antenna or tower has been approved by Council.

No such license or lease shall be issued for a tower located within three hundred (300) feet of any residentially zoned property until an informational hearing has been held at a regular or special Town Council meeting and notice of such hearing has been advertised according to subsection 4.25.D.11 at least seven (7) days but not earlier than fourteen (14) days prior to such hearing.

The required means of notification for said Informational Hearing set forth in subsection 4.25.D.11 is as follows:

Public Notice: For purposes of this Section, and Conditional Use Permit request shall be pursuant to Section 1.9.3 of this Ordinance except that the notice required shall include:

1. posting of the property, and
2. mailing to all property owners within 1,000 feet of the proposed wireless communications

- facility, and
3. publication in a newspaper of general circulation regardless of any expression to the contrary in Section 1.9.2.

For the Informational Hearing held on February 24, 2015, the fourteen (14) day mark would have been February 10th; seven (7) days would have been February 17, 2015. Approximately seventy-five (75) letters were mailed to owners of property within 1,000 feet of the Town Hall site, seventeen (17) were mailed to the same relative to the Rec Center, and eighty-four (84) were mailed to the same relative to the Library; the total number of letters mailed on February 12, 2015 was approximately 176. The sites were posted by town staff on February 17th; postings damaged by weather have been replaced on an as-needed basis. A Notice of Informational Hearing was published in the Chino Valley Review on February 11, 2015 and the Prescott Daily Courier on February 15, 2015.

To ensure a transparent process, staff noticed the same persons of the possible action proposed for the March 10, 2015 regular meeting of the Town Council. Letters were mailed on March 2, 2015, eight (8) days prior to the March 10, 2015 meeting; a notice of the same was published in the Prescott Daily Courier on Monday, March 2, 2015; and the sites were posted on the same date.

The agreements attached are summarized as follows:

(1) The Wireless Communications Facilities Project 2015 Master Agreement with SunState Towers, LLC and Pinnacle Consulting, Inc. describes the responsibilities of the parties for completing the project. Generally, the Town is responsible for leasing the pads to SunState for the towers at Town Hall and the Recreation Center. The Town will own the tower at the Library. The Town will provide caisson design for the Library tower and will provide Pinnacle/SunState with the materials required for construction of the Library tower, all the Town's dishes, and required conduit. SunState will construct the 2 100-foot towers, install and align dishes for the Town on those two towers, and install required conduit/cablings for the Town. Pinnacle will construct the Library tower, install and align a Town dish on that tower and install required conduit/cablings for the Town.

(2) The Installation Contract with Pinnacle Consulting is the construction contract for the Library tower. It is the Town's boilerplate construction contract.

(3) The Lease is for the Town Hall and Rec Center towers which will be owned by SunState but located on Town-owned property. The term of the lease is 25 years with a renewal provision for up to 5 additional 5-year terms. The lease is free of charge to SunState as consideration for the construction of the towers and for providing the dishes, alignment and conduit/cablings for the Town.

Fiscal Impact

Fiscal Impact?: Yes

If Yes, Budget Code: 05-90-5524

Available: 23,624.84

Funding Source:

The Town budgeted \$40,000 in the Capital Improvement Fund this fiscal year for this project. This project will negate need for \$1,100 per month to CableOne for fiber optic service saving the Town \$13,200 each fiscal year.

Attachments

Pinnacle Installation Contract

Wireless Communications Facilities Project 2015

Wireless Communications Site Lease

**INSTALLATION CONTRACT
FOR WIRELESS COMMUNICATIONS FACILITIES PROJECT 2015**

Project:	Wireless Communications Facilities Improvements Project 2015
Project No.:	
Contract No.:	
Date:	

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Project Name:
Project No:
Contract No:

INSTALLATION CONTRACT FOR WIRELESS COMMUNICATIONS FACILITIES IMPROVEMENTS PROJECT 2015

THIS CONTRACT made and entered into this [REDACTED] day of [REDACTED], 20[REDACTED], by and between Pinnacle Consulting, Inc., hereinafter designated as “Contractor”, and the Town of Chino Valley, a municipal corporation organized and existing under and by virtue of the laws of the State of Arizona, hereinafter designated as “Chino Valley.”

WHEREAS, this Contract is entered into pursuant to a Master Agreement for the Wireless Communications Facilities Improvement Project 2015 (“Master Agreement”) between the Town of Chino Valley, SunState Towers, LLC, and Pinnacle Consulting, Inc., entered into concurrently with this Contract; and

WHEREAS, Pinnacle Consulting, Inc., in consideration of benefits to it provided for in said Master Agreement, has agreed to perform the Work provided for in this Contract at no cost to the Town (other than materials); and

WHEREAS, Chino Valley has determined that it would not be able to obtain a better price for the installation of the wireless communications facilities (“WCFs”) through the bidding process,

NOW THEREFORE, Chino Valley and Contractor, in consideration of the mutual covenants hereinafter set forth, agree as follows:

1.0 PROJECT DESCRIPTION

Contractor shall do and perform, or cause to be done and performed in accordance with this Contract, the Project entitled Wireless Communications Facilities Improvements Project 2015, hereinafter referred to as “The Project” or “The Work,” in accordance with and as more fully described in the Specifications, Drawings, Labor and Material Bond, and Scope of Work, hereinafter referred to as “Contract Documents,” all of which are incorporated herein by reference and made a part hereof as though set forth in full. Generally, the Work includes installation of an 80’ communications tower and installation and alignment of two (2) Town dish antennas on the communications tower at the Chino Valley Library, installation and alignment of a Town dish antenna on each of the Sun State cell towers to be located at Town Hall and the Recreation Center, and required conduit and utilities associated with those antennas from Town buildings to the three facilities.

2.0 PERFORMANCE STANDARD

The Work must be performed and completed in accordance with all requirements of law and no Work shall be undertaken until Contractor has been issued all required permits. “Completion” includes obtaining final acceptance from Chino Valley. The Work must be performed in accordance with the best modern practice and with materials and workmanship of the highest quality. Contractor shall check and verify all dimensions, grades and levels before commencement of performance and whenever necessary during the progress thereof.

Project Name:
Project No:
Contract No:

3.0 CONTRACT TIME

Contractor hereby fixes the time for completion of all Work required to be within [REDACTED] days beginning with the day following the starting date specified in the Notice to Proceed, or by the [REDACTED] of [REDACTED], 20[REDACTED]. Upon failure to complete the Work within the time specified, Contractor shall pay the amount of \$[REDACTED] per day for each day the Work remains unfinished as and for liquidated damages incurred by Chino Valley for failure to complete the Work within the specified time.

4.0 SUBCONTRACTORS

The names of subcontractors which Contractor shall use for Work required to be done on the Project are listed in **Exhibit A**, attached hereto and incorporated herein by this reference. Contractor shall make no substitution for any subcontractor, person, or entity previously selected if Chino Valley makes a reasonable objection to such substitution. Contractor shall not contract with any subcontractor to whom Chino Valley has made a reasonable objection. Contractor shall not be required to contract with anyone to whom Contractor has made a reasonable objection.

5.0 INDEPENDENT CONTRACTOR

Contractor is an independent contractor and not an agent or employee of Chino Valley. Contractor shall supervise and direct the Work to be done, using Contractor's best skill and attention. Contractor shall be solely responsible for all installation means, methods, techniques, sequences, procedures, and for coordinating all portions of the Work required by the Contract Documents. Contractor shall be responsible to the subcontractors and their agents and employees, and other persons performing any of the Work under the Contract Documents.

6.0 LABOR AND MATERIALS

Contractor shall provide and pay and shall insure under the requisite laws and regulations all labor, materials, equipment, tools, machinery, water, utilities, transportation, and other facilities and services necessary for the proper execution and completion of the Work, whether temporary or permanent and whether incorporated or to be incorporated in the Work. Notwithstanding the above, Town shall purchase or reimburse Contractor for its cost to purchase of those certain materials listed in **Exhibit B**.

7.0 TAXES

Contractor shall pay all licenses, sales, consumer, use and other similar taxes for the Work or portions thereof provided by the Contractor which are legally enacted at the time bids are received, whether effective or subsequently applicable due to acts of jurisdictions or bodies other than Chino Valley.

8.0 PERMITS AND FEES

Contractor shall secure and pay for all permits, governmental fees, licenses and inspections necessary for the proper execution and completion of Work which are customarily secured after execution of the Contract and which are legally required. Contractor shall give all notices and comply with all laws, ordinances, rules, regulations and lawful orders of any public authority bearing on the performance of the Work.

9.0 BONDS

Concurrently with the execution of the Contract, the Contractor shall furnish Chino Valley the following Bonds, which shall become binding upon the award of the Contract to the Contractor:

- 9.1 A Payment Bond: In an amount of _____ (\$_____) solely for the protection of the claimants supplying labor or materials to the Contractor or his subcontractors in the prosecution of the Work provided for in such Contract.
- 9.2 Each such Bond shall include a provision allowing the prevailing party in a suit on such Bond to recover as a part of this judgment such reasonable attorney's fees as may be fixed by a judge of the court.
- 9.3 Each such bond shall be executed by a surety company or companies holding a certificate of authority to transact surety business in the State of Arizona issued by the Director of the Department of Insurance pursuant to Title 20, Chapter 2, Article 1 of the Arizona Revised Statutes and any amendments thereto. The Bonds shall be made payable and acceptable to Chino Valley. The Bonds shall be written or countersigned by an authorized representative of the surety who is either a resident of the State of Arizona or whose principal office is maintained in this State, and the Bonds shall have attached thereto a certified copy of the Power of Attorney of the signing official.
- 9.5 Submittal of the required bonds as set forth in this paragraph is a condition precedent to this contract becoming effective.

10.0 SUPERINTENDENT

Contractor shall identify a competent Project Superintendent and assistants as it reasonably deems necessary, who shall be in attendance at the Project site during the progress of the Work. The Superintendent shall represent and be the agent of Contractor and communications given to the Superintendent shall be as binding as if given to Contractor. Important communications shall be confirmed in writing. Other communications shall be so confirmed on written request in each case.

11.0 PROGRESS SCHEDULE

Contractor, immediately after entering into the Contract, shall provide Chino Valley with any requested scheduling information and a proposed Progress Schedule for performance of the Work in a form reasonably acceptable to Chino Valley providing for commencement and completion of the Work within the Contract Time. Contractor shall prosecute the Work in a

Project Name:
Project No:
Contract No:

prompt and diligent manner and without hindering or delaying the Work of other Contractors of Subcontractors on the Project. Said Progress Schedule shall be supplemented thereafter upon request. Work shall not commence upon this Project until a written Notice to Proceed has been issued to the Contractor by Chino Valley. The Notice to Proceed will be considered issued on the date it is sent to Contractor by certified mail, telefacsimile or delivered to Contractor in person.

12.0 DRAWINGS AND SAMPLES

Contractor shall furnish within three (3) working days following request therefore by Chino Valley detailed drawings of the Work and samples of materials required for the performance or coordination of the Work. Drawings and samples shall comply with the requirements of the Contract Documents or shall be rejected.

13.0 ERRORS IN THE PLANS

The plans and specifications are presumed to be correct, but Contractor shall be required to check carefully all dimensions and verify all vertical and horizontal controls using the nearest benchmark before beginning the Work. If any errors or omissions are discovered, Chino Valley's Representative shall be so notified in writing. Chino Valley's Representative shall immediately notify the Project's Engineer, who will then make such corrections, and interpretations as may be deemed necessary for fulfilling the intent of the plans and specifications and shall issue appropriate corrections. Any adjustments made by Contractor without prior review and acceptance shall be at his own risk. The settlement of any complication or disputed expenses arising from an adjustment made by contractor shall be paid by Contractor at his own expense.

14.0 CHINO VALLEY'S RIGHT TO STOP, CARRY OUT OR CORRECT THE WORK

If at any time during the performance of the Work it appears to Chino Valley, in its sole discretion, that Contractor will not complete the Work within the Contract Time and pursuant to the Progress Schedule, or if the manner in which Contractor carries out its obligations interferes with the ability of other contractors or workers to perform work on the same site, Chino Valley shall provide Contractor seventy-two (72) hours written notice and an opportunity to cure such deficiency or provide reasonable evidence of its ability to carry out its obligations under the Contract. If Contractor fails to cure such deficiency or provide reasonable evidence of its ability to carry out its obligations under the Contract, Chino Valley shall have the sole and absolute right upon forty-eight (48) hours written notice delivered to Contractor to replace Contractor by taking over the Work or procuring another to complete the Work. Such taking over shall not constitute or be construed as a waiver by Chino Valley of any action, claim or demand Chino Valley may have against Contractor by reason of injury or damage resulting to Chino Valley because of Contractor's failure of performance hereunder. Contractor shall pay to Chino Valley a sum equal to Chino Valley's total cost of completing such Work, and a sum for reasonable attorneys' fees and litigation expenses in taking over and completing such Work. In no event shall any delay in performance hereunder by Contractor be excused unless, and then to the extent only, such delay is excused by Chino Valley in writing or as provided in Section 27 below.

15.0 WARRANTY

15.1 Contractor warrants to Chino Valley that all materials and equipment furnished under this Contract will be new, and that all Work will be of good quality, free from faults and defects. Contractor further guarantees all Work performed by Contractor for a period of one year from the date of Substantial completion of the Project. Should any portion of the Work need replacement or repair within one year from the date of substantial completion due to Contractor's installation methods, workmanship, material failure, or workmanship that is inferior, defective, or not in accordance with the terms of the Contract Documents, Contractor shall repair, replace, or correct such Work, at no cost to Chino Valley, to the condition required by the Contract Documents. Notwithstanding the foregoing, Contractor's warranty shall not cover any work or materials that were not provided or performed by Contractor. For purposes of this Agreement, "Substantial Completion" means the stage in progress of the Work when construction is sufficiently complete, in accordance with the Contract Documents as they may have been modified by any Change Orders agreed to by the parties, so that Chino Valley may use or occupy the Project, or a designated portion thereof, for the purpose for which it was intended and a Certificate of Substantial Completion/Certificate of Occupancy has been issued.

15.2 If Contractor fails within reasonable time to replace or repair any portion of the Work deemed to be needed, Chino Valley may cause said Work to be done and Contractor agrees to pay all costs incurred therein. All Work not conforming to the Contract Documents, including substitutions not properly approved and authorized, may be considered defective. If required by Chino Valley, Contractor shall furnish satisfactory evidence as to the kind and quality of materials and equipment.

16.0 INDEMNIFICATION

- 16.1 To the fullest extent permitted by law, except as arising from the negligent or willful misconduct of Chino Valley or its officers, employees, consultants or contractors, Contractor, its successors and assigns shall indemnify and hold harmless Chino Valley, its officers and employees from and against all liabilities, damages, losses and costs (including reasonable attorney fees and court costs) to the extent caused by the negligence, recklessness or intentional wrongful conduct of Contractor or other persons employed or used by the Contractor in the performance of this Agreement. Contractor's duty to indemnify and hold harmless Chino Valley, its officers and employees shall arise in connection with any claim, damage, loss or expense that is attributable to bodily injury, sickness, disease, death, or injury to, impairment, or destruction of property including loss of use of resulting there from, caused by Contractor's negligence, recklessness or intentional wrongful conduct in the performance of this Agreement and the negligence, recklessness or intentional wrongful conduct of any person employed by Contractor or used by Contractor in the performance of this Agreement
- 16.2 Insurance provisions set forth in this Agreement are separate and independent from the indemnity provisions of this paragraph and shall not be construed in any way to limit the scope and magnitude of the indemnity provisions. The indemnity provisions of this paragraph shall not be construed in any way to limit the scope and magnitude and applicability of the insurance provisions.

Project Name:
Project No:
Contract No:

17.0 INSURANCE

- 17.1 Contractor shall secure and maintain throughout the term of this Contract, the following insurance in the name of Contractor, naming Chino Valley as additional insured with respect to claims which may arise out of or result from Contractor's acts, operations or negligence or those of its subcontractors, or anyone directly or indirectly employed by any of them including officers, employees, agents or representatives for matters related to this Contract. The coverage shall be provided on an "occurrence" basis rather than a "claims made" basis, shall be provided without offset against Chino Valley's existing insurance and provide for a minimum of thirty (30) calendar days' notice to Chino Valley prior to cancellation, reduction in coverage or other substantial modification. Contractor shall provide a Certificate of Insurance which sets forth the following minimum amounts and types of coverage:

<u>TYPE OF COVERAGE</u>	<u>AMOUNT NOT LESS THAN</u>
Workers' Compensation	Statutory
Employers Liability	\$100,000 each accident \$100,000 disease each employee \$500,000 disease aggregate
<u>TYPE OF COVERAGE</u>	<u>AMOUNT NOT LESS THAN</u>
Commercial General Liability (including contractual liability for this Contract; broad form property damage; completed operations; and explosion, collapse and underground coverage)	\$1,000,000 per occurrence \$2,000,000 aggregate combined single limit
Automobile Liability (including owned, hired and non-owned coverages)	\$1,000,000 combined single limit
Builders "All-risk"	Completed Value (at least 100% of the Contract)

- 17.2 Contractor shall submit to Chino Valley proof of the required insurance upon executing this Contract. Such proof of insurance shall include the Project Name, Project Number and Contract Number. Contractor shall obtain the above-described insurance from insurance companies which are duly authorized to issue such policies in the State of Arizona and "Best Rated A" or better by the A.M. Best Company, or which are otherwise acceptable to Chino Valley. Contractor shall maintain such insurance coverage until all the Work has been completed and the Project has been accepted by Chino Valley.

Project Name:
Project No:
Contract No:

- 17.3 Chino Valley shall not be obligated to review any of the Contractor's Certificates of Insurance, insurance policies or endorsements or to advise Contractor of any deficiencies in such documents and any receipt of copies or review by Chino Valley of such documents shall not relieve Contractor from or be deemed a waiver of Chino Valley's right to insist on strict fulfillment of Contractor's obligations under this paragraph.
- 17.4 The insurance coverages referenced above shall apply to all operations of Contractor related to the Project which are undertaken by the insured, subcontractors or their employees and agents during the life of this Contract. These policies shall not expire until all Work has been completed and the Project has been accepted by Chino Valley. If a policy does expire during the life of the Contract, a renewal Certificate of the required coverage must be sent to Chino Valley not less than thirty (30) calendar days prior to expiration date.

18.0 CHANGE ORDERS

A change order is a written order to Contractor signed by Chino Valley's Representative or other person designated in the Contract Documents, issued after execution of this Contract, authorizing a change in the Work or an adjustment in the Contract Sum or the Contract Time. A change order signed by Contractor indicates his agreement therewith. Chino Valley, without invalidating the Contract, may order changes in the Work, in the general scope of the Contract consisting of additions, deletions, or other revisions, the Contract Sum and the Contract Time being adjusted accordingly. All such changes in the Work shall be authorized by change order, and shall be performed under the applicable conditions of the Contract Documents. Chino Valley's Representative shall have authority to order minor changes in the Work not involving an adjustment in the Contract Sum or extension of the Contract Time and not inconsistent with the intent of the Contract Documents. Such changes shall be effected by written order, and shall be binding on Chino Valley and Contractor. Contractor shall carry out such written orders promptly. Verbal information obtained from any officer, agent or employee of Chino Valley or any other person shall not affect the obligations assumed by Contractor or relieve Contractor from complying with any of the terms of the Contract Documents. No additional changes will be made to the Contract without prior written authorization from Chino Valley pursuant to approved change order. Any change in the terms of the Contract Documents shall only occur as a result of an approved change order or written modification or amendment approved by mutual consent of Chino Valley and Contractor. If Contractor claims that any changes ordered by Chino Valley involve extra cost under the Contract Documents, he shall promptly after the receipt of such instructions, provide notice to Chino Valley's Representative of such claim, and before proceeding to execute the Work.

19.0 DISPUTED WORK

If, pursuant to Paragraph 18, Contractor claims changes ordered by Chino Valley involve extra cost, Contractor shall nevertheless perform the same if directed to do so by Chino Valley. However, to preserve Contractor's right to claim extra compensation for the disputed Work, Contractor shall, prior to proceeding with the Work, notify Chino Valley in writing that Contractor is performing the same under protest. The same procedure shall prevail as to any dispute as to a deduction for omitted Work (or as the case may be, to sustain Contractor's contention as to the appropriate compensation for extra Work that is not disputed to be an

Project Name:
 Project No:
 Contract No:

“extra”). The notice in that circumstance shall be given not later than ten (10) working days after the tender of payment by Chino Valley to Contractor of the reduced amount (or amount for the nondisputed “extra”) as computed by Chino Valley. Failing such written protest, it shall be deemed that Contractor has acquiesced to Chino Valley’s contention that the Work is not extra but Contract Work or that the reduction (or amount of compensation for a nondisputed “extra”) is correct, as the case may be. The giving of the protest provided for above, and giving it timely, are express conditions precedent to maintaining any remedial procedure, whether arbitration or otherwise, pertaining to Contractor’s claim.

20.0 PAYMENTS AND COMPLETION

In consideration of the complete and timely performance of the Work, subject to changes as provided by an approved Change Order, Chino Valley shall permit Contractor to _____. No other consideration shall be paid to Contractor.

21.0 PROTECTION OF PERSONS AND PROPERTY

- 21.1 Contractor at all times must take all reasonable precautions to protect the persons and property of others on or adjacent to the Project from damage, loss, or injury resulting from operations under this Contract by Contractor or any other party with whom Contractor has subcontracted. Contractor’s obligation to protect shall include the duty to provide, place, and adequately maintain at or about the Project suitable and sufficient guards, lights, barricades, and enclosures. Contractor shall not disturb nor displace any protection installed by others.
- 21.2 Contractor’s operations shall be in accordance with the Manual on Uniform Traffic Control Devices, Latest Edition. These operations shall cause no unnecessary inconvenience to the public and public access rights shall be considered at all times. Unless otherwise authorized in the Specifications or on a temporary basis by Chino Valley, traffic shall be permitted to pass through the Work area. Contractor shall coordinate with the various agencies to include governmental, commercial and public, so that adequate services are maintained.
- 21.3 Grading operations, roadway excavation and fill shall be conducted and maintained in such a manner as to provide a reasonably satisfactory and safe surface for vehicular and pedestrian traffic. When rough grading is completed, the roadbed shall be brought to and maintained in a reasonably smooth condition, satisfactory and safe for vehicular traffic at the posted speed limit. Pedestrian walkways shall be provided and maintained in a like manner. Contractor shall accomplish any additional grading operations and/or repairs, including barricade replacement or repairs during working and non-working periods which, in the opinion of Chino Valley, are required.

22.0 GOVERNING LAW

This Contract shall be governed by the laws of the State of Arizona.

23.0 SUCCESSORS AND ASSIGNS

Project Name:
 Project No:
 Contract No:

Chino Valley and Contractor each binds himself, his partners, successors, assigns and legal representatives to the other party hereto and to the partners, successors, assigns and legal representatives of such other party in respect to all covenants, agreements and obligations contained in the Contract Documents. Neither party to the Contract shall assign the Contract or sublet it as a whole without the written consent of the other, nor shall Contractor assign any monies due or to become due to him hereunder without the previous written consent of Chino Valley.

24.0 SERVICE OF NOTICE

All notices and demands required or permitted by this Contract shall be in writing and shall be deemed to have been given properly when (1) sent by Certified Mail (postage fully prepaid) to the respective address below or to such other address as may be furnished by either party pursuant to this paragraph; (2) delivered personally to the parties to this Contract; or (3) if given by telefacsimile, when addressed and transmitted to the respective telefacsimile number as specified below or to such other address or telefacsimile number as may be furnished by either party to the other pursuant to this paragraph, and the appropriate confirmation of transmittal is received. Any party giving notice or demand by telefacsimile immediately shall send the other party a copy of such notice or demand by Certified Mail (postage fully prepaid) to the respective address below or to such other address as may be furnished by either party pursuant to this paragraph.

CHINO VALLEY:

Robert Smith
 Town Manager
 Town of Chino Valley
 202 North State Route 89
 Chino Valley, Arizona 86323

CONTRACTOR:

Representative Name
 Representative Title
 Pinnacle Consulting, Inc.
 1426 North Marvin Street
 Gilbert, AZ 85233

25.0 CLAIMS FOR DAMAGES

Should either party to the Contract suffer injury or damage to personal property because of any act or omission of the other party or of his employees, agents for whose acts he is legally liable, claims shall be made in writing to such other parties within a reasonable time after the first observance of such injury or damages. The parties agree to waive all claims against each other for any consequential damages, special damages or similar types of damages that may arise out of or relate to the Contract. The provisions of this section shall also apply to the termination or completion of this Contract and shall survive such termination or completion.

26.0 RIGHTS AND REMEDIES

The duties and obligations imposed by the Contract Documents and the rights and remedies available thereunder shall be in addition to and not a limitation of any duties, obligations, rights and remedies otherwise imposed or available by law. No action or failure to act by Chino Valley or Contractor shall constitute a waiver of any right or duty afforded any of them under

the Contract, nor shall any action or failure to act constitute an approval of or acquiescence in any breach except as may be specifically agreed in writing.

27.0 TIME IS OF THE ESSENCE

All time limits stated in the Contract Documents are of the essence. Contractor shall begin Work on the date specified in the Notice to Proceed and shall carry the Work forward expeditiously. If Contractor is delayed at any time in the progress of the Work by any act or neglect of Chino Valley or by any employee of Chino Valley or by change orders in the Work or by labor disputes, fire, unusual delay in transportation, adverse weather conditions not reasonably anticipatable, unavoidable casualties, or any causes beyond the Contractor's control, or by delay caused by Chino Valley, or by any other cause which Chino Valley determines may justify the delay, then the Contract Time shall be extended by change order for such reasonable time as Chino Valley may determine. Any claim for extension of time shall be made in writing to Chino Valley's Representative not more than five (5) working days after the commencement of the delay; otherwise said claim shall be waived by Contractor. In the case of a continuing delay, only one claim is necessary. Contractor shall provide an estimate of the probable effect of such delay on the progress of the Work. This paragraph does not exclude the recovery of damages for delay by either party under the provisions of the Contract Documents.

28.0 TERMINATION BY CHINO VALLEY

If Contractor is adjudged as bankrupt, or if he makes a general assignment for the benefit of his creditors, or if a receiver is appointed on account of his insolvency, or if he persistently or repeatedly refuses or fails, except in cases for which extension of time is provided, to supply enough properly skilled workers or proper materials, or if he fails to make prompt payment to subcontractors or for materials or labor, or persistently disregards laws, ordinances, rules, regulations or orders of any public authority having jurisdiction, or otherwise is guilty of a violation of the Contract Documents, then Chino Valley, upon certification by Chino Valley's Representative that sufficient cause exists to justify such action, may, without prejudice to any right or remedy and after giving Contractor and his Surety, if any, ten (10) working days written notice, terminate this Contract and take possession of the site and of all materials, equipment, tools, and machinery thereon owned by Contractor and may finish the Work by whatever method he may deem expedient. Notwithstanding the above, if, after receiving the notice required by this Section, Contractor cures the reason for the proposed termination to the satisfaction of Chino Valley, the Contract shall not be terminated.

29.0 CONFLICT OF INTEREST

This Contract shall be subject to the cancellation provisions of A.R.S. § 38-511 and any amendments thereto.

30.0 LITIGATION

Should litigation be necessary to enforce any term or provision of this Contract, or to collect any damage claimed or portion of the amount payable under this Contract, then all litigation and collection expenses, witness fees, court costs, and attorneys' fees shall be paid to the party

not at fault. Nothing herein shall preclude non-binding arbitration if the parties so elect in the event of a dispute hereunder.

31.0 PROTECTION OF PERSONS AND PROPERTY

Contractor shall adopt every practical means and comply with all laws, ordinances and regulations in order to minimize interferences to traffic and inconveniences, discomfort and damage to the public, including the provision of adequate dust control measures. All obstructions to traffic shall be guarded. If an unsafe condition arises or exists during the progress of the Work, or if Chino Valley has reason to believe an unsafe condition exists, Contractor shall suspend the Work wholly or in part for such period as may be necessary to correct the unsafe condition. Neither Contractor nor any subcontractor shall trespass upon private property. Contractor shall be responsible for all injury or damage to persons or property, directly or indirectly, resulting from operations of Contractor or subcontractors completing this Work. Contractor shall ensure that both Contractor and subcontractors comply with the laws and regulations of Chino Valley, County and State relating to the safety of persons and property. Contractor will be held responsible for any injury or damage to persons or property caused by Contractor or subcontractors or any agent or employee of either during the progress of the Work and until its final acceptance. Contractor shall protect against injury or damage to pipes, sewer conduits, electrical conduits, lawns, gardens, shrubbery, trees, fences or other structures or property, public and/or private, encountered in this Work except as stipulated elsewhere herein. Contractor shall be responsible and liable for any injury or damage to such pipes, structures and property.

32.0 IMMIGRATION LAW COMPLIANCE WARRANTY

- 32.1 As required by A.R.S. § 41-4401, Contractor hereby warrants its compliance with all federal immigration laws and regulations that relate to its employees and A.R.S. § 23-214(A). Contractor further warrants that after hiring an employee, Contractor verifies the employment eligibility of the employee through the E-Verify program.
- 32.2 If Contractor uses any subcontractors in performance of the Work, subcontractors shall warrant their compliance with all federal immigration laws and regulations that relate to its employees and A.R.S. § 23-214(A), and subcontractors shall further warrant that after hiring an employee, such subcontractor verifies the employment eligibility of the employee through the E-Verify program.
- 32.3 A breach of this warranty shall be deemed a material breach of the Contract that is subject to penalties up to and including termination of the Contract. Contractor is subject to a penalty of \$100 per day for the first violation, \$500 per day for the second violation, and \$1,000 per day for the third violation. Chino Valley at its option may terminate the Contract after the third violation. Contractor shall not be deemed in material breach of this Contract if Contractor and/or subcontractors establish compliance with the employment verification provisions of Sections 274A and 274B of the federal Immigration and Nationality Act and the E-Verify requirements contained in A.R.S. § 23-214(A).

Project Name:
Project No:
Contract No:

32.4 Chino Valley retains the legal right to inspect the papers of any Contractor or subcontractor employee who works on the Contract to ensure that Contractor or subcontractor is complying with the warranty. Any inspection will be conducted after reasonable notice and at reasonable times.

32.5 If state law is amended, the parties may modify this paragraph consistent with state law.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed, the day and year first herein written.

TOWN OF CHINO VALLEY

By: _____
Chris Marley, Mayor

ATTEST:

Jami Lewis, Town Clerk

APPROVED AS TO FORM:

Curtis, Goodwin, Sullivan, Udall & Schwab, PLC
Town Attorneys

CONTRACTOR

By: _____

Title: _____

EXHIBIT A
LIST OF SUBCONTRACTORS

[LIST NAMES, ADDRESSES AND CONTACT INFORMATION FOR ALL SUBCONTRACTORS
TO BE USED ON THE PROJECT]

Project Name:
Project No:
Contract No:

EXHIBIT B

MATERIALS TO BE PURCHASED BY CHINO VALLEY

[LIST ALL ITEMS. IF PINNACLE IS TO PURCHASE AND TOWN REIMBURSE PINNACLE,
THAT SHOULD BE SPECIFIED ON THIS LIST]

Project Name:
Project No:
Contract No:

COPY(s) OF CONTRACTOR'S STATE OF ARIZONA CONTRACTOR'S LICENSE(S)

Attach copy of required license(s)

**TOWN OF CHINO VALLEY, ARIZONA
AUTHORIZED SIGNATURE FORM**

WHEREAS, _____, an _____ corporation, is required to execute certain documents which are necessary for the prompt and efficient execution of the corporate business;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the _____ that _____
(Corporate Name) (Name of Parties Authorized)

is/are authorized to execute and sign on behalf of said corporation/company the following documents:

- | | |
|-----------------|---|
| 1. The Contract | 5. Change Orders |
| 2. The Bond | 6. All other papers necessary |
| 3. Payrolls | for the conduct of the corporation's |
| 4. Claims | affairs and the execution of the Contract |

The above-named person(s) is/are granted the authority and duties herein referenced for the duration of the Contract for this Project or until express notice of revocation has been duly given in writing, whichever is the lesser period.

DATED and passed by the Board of Directors this ____ day of _____, 20____.

(Signature of Persons Authorized to Sign)

(Title)

(Document No.)

STATE OF _____)
) ss.
County of _____)

DATED _____, 20____

(Seal of Corporation)

STATE OF _____)
) ss.
County of _____)

Notary Public

My Commission Expires:

Project Name:
Project No:
Contract No:

LABOR AND MATERIALS BOND

STATUTORY PAYMENT BOND PURSUANT TO
TITLE 34, CHAPTER 2, ARTICLE 2,
OF THE ARIZONA REVISED STATUTES
(Penalty of this bond must be 100% of the CONTRACT amount)

KNOW ALL MEN BY THESE PRESENTS:

That, _____ (hereinafter
“Principal”), as Principal and _____, a corporation
organized and existing under the laws of the State of _____, duly licensed in and
holding a certificate of authority to transact surety business in the State of Arizona issued by the
Director of the Department of Insurance pursuant to Title 20, Chapter 2, Article 1, (hereinafter
“Surety”), as Surety are held and firmly bound unto the Town of Chino Valley, County of
Yavapai, State of Arizona in the amount of _____ Dollars
(\$_____), for the payment of which the Principal and Surety bind themselves, and
their heirs, administrators, executors, successors and assigns, jointly and severally, firmly by
these presents.

WHEREAS, the Principal has entered into a certain written Contract with the Town of
Chino Valley, entitled _____.

NOW THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, that if the
Principal promptly pays all monies due to all persons supplying labor or Materials to the
Principal or the Principal’s Subcontractors in the prosecution of the Work provided for in the
Contract, this obligation is void. Otherwise it remains in full force and effect.

PROVIDED, HOWEVER, that this Bond is executed pursuant to the provisions of Title
34, Chapter 2, Article 2, Arizona Revised Statutes, and all liabilities on this Bond shall be
determined in accordance with the provisions, conditions and limitations of Title 34, Chapter 2,
Article 2, Arizona Revised Statutes, to the extent as if it were copied at length in this Agreement.

The prevailing party in a suit on this Bond shall recover as part of the judgment
reasonable attorney fees that may be fixed by a judge of the court.

This Bond shall not be executed by an individual surety or sureties, even if the
requirements of A.R.S. Section 7-101 are satisfied.

Witness our hands this _____ day of _____, 20____.

PRINCIPAL

SEAL

Project Name:
Project No:
Contract No:

By _____

SURETY SEAL

By _____

Address of Surety:

AGENT OF RECORD

AGENT ADDRESS

* Attach Power of Attorney

Project Name:
 Project No:
 Contract No:

NOTICE TO PROCEED

DATE:

TO:

Subject: NOTICE TO PROCEED AND RETURN OF EXECUTED CONTRACT

Project Name:

Contract No:

Contract Amount: \$

Effective Date:

P.O. Number:

Council Approval:

Project Number:

Liquidated Damages: \$ __/day

Substantial Completion Date:

Final Completion Date:

Item Number:

This letter serves as _____, NOTICE TO PROCEED with performance of the above-referenced project contract.

A fully executed and approved copy of the contract and the project's purchase order are enclosed for your files. Also attached is a Notice-to-Proceed CD containing forms required for project completion and a Purchase Order. Please indicate the above-referenced contract number and project number on all correspondence. Failure to do so may cause unnecessary delays.

When submitting payment requests, the following information is needed:

1. Cover Letter transmitting the Pay Application, an updated cash flow, updated schedule and a summary of the project status.
2. A completed "Application and Certification for Payment", on approved Chino Valley format.
3. A clear, detailed billing invoice, indicating the Contract Number, Project Number and Purchase Order Number referenced above.

If you have any questions please contact _____ at (928) ____-_____.

Sincerely,

 [NAME, TITLE]

ACCEPTANCE OF NOTICE

Receipt of the foregoing NOTICE TO PROCEED is hereby acknowledged by _____,
 this ____ day of _____, 20__.

By _____

Title _____

Project Name:
 Project No:
 Contract No:

CHANGE ORDER NO. _____
(Contractor)

PROJECT:
 DATE:
 OWNER: Town of Chino Valley
 PROJECT NO:
 CONTRACT NO:
 CONTRACTOR:
 CONTRACT DATED:

CHANGES: The Contract is changed as follows: (Insert brief description)

<u>COST/TIME:</u> Original Contract Sum:	\$ _____
Previously Authorized Change Orders:	\$ _____
Contract Sum prior to this Change Order:	\$ _____
Change Order #___ Amount:	\$ _____
New CONTRACT SUM:	\$ _____

CONTRACT TIME will be increased by:

SUBSTANTIAL COMPLETION as of this Change Order:

Approved/Accepted by:

CONTRACTOR:		
	(Name)	(Date)
CHINO VALLEY		
	(Name)	(Date)

Not valid until signed by Chino Valley. Signature of Contractor indicates acceptance, including CONTRACT SUM and CONTRACT TIME.

Contractor agrees that the adjustment of the Contract Price and Contract Time reflected in this Change Order represents the entire and complete adjustment of the Contract Price and Contract Time for the changes set forth in this Change Order. The adjustment of the Contract Price includes all direct costs of labor materials, services and equipment to complete such changes as well as any and all indirect costs of impacts, delays, interference or hindrances in performing, providing and completing the changes set forth in this Change Order. The adjustment of the Contract Time includes all adjustments of time necessary to perform, provide and complete the changes set forth in this Change Order and any and all impacts, delays, interference or hindrances in performing, providing and completing the changes.

Project Name:
Project No:
Contract No:

**TOWN OF CHINO VALLEY, ARIZONA
CONTRACTOR'S AFFIDAVIT
REGARDING SETTLEMENT OF CLAIMS**

PROJECT _____

To Town of Chino Valley, Arizona
_____ Department:

The undersigned hereby certifies that (1) all lawful claims for Materials, rental of equipment and labor used in connection with the above Project, whether by Subcontractor or claimant in person, have been duly discharged; and (2) to the best of undersigned's knowledge, there are not any disputed or unresolved claims of any type for Materials, equipment or labor in connection with this Project.

The undersigned, for the consideration of \$_____, as set out in the final pay estimate, as full and complete payment under the terms of the Contract, hereby waives and relinquishes any and all further claims or right of lien under, in connection with, or as a result of the above-described Project. The undersigned further agrees to indemnify and save harmless Town of Chino Valley against any and all liens, claims of liens, suits, actions, damages, charges and expenses whatsoever, which said Chino Valley may suffer arising out of the failure of the undersigned to pay for all labor performance and Materials furnished for the performance of said installation.

Signed and dated at _____, this ____ day of _____, 20____.

Contractor
By _____

STATE OF ARIZONA)
) ss.
County of Yavapai)

The foregoing instrument was subscribed and sworn to before me this ____ day of _____, 20____.

Notary Public

My Commission Expires:

Project Name:
Project No:
Contract No:

SUPPLEMENTARY CONDITIONS

These Supplementary Conditions amend or supplement the Standard General Conditions of the Contract and other provisions of the Contract Documents as indicated below. All provisions that are not so amended or supplemented remain in full force and effect.

The terms used in these Supplementary Conditions have the meanings stated in the General Conditions. Additional terms used in these Supplementary Conditions have the meanings stated below, which are applicable to both the singular and plural thereof.

SC-1.01.:

Project Name:
Project No:
Contract No:

TECHNICAL SPECIFICATIONS

Town of Chino Valley
Wireless Communications Facilities Project 2015
Master Agreement

This Master Agreement for Wireless Communication Improvements Project (the “Agreement”) is entered into this ____ day of _____, 2015 by and between the Town of Chino Valley, Arizona, an Arizona municipal corporation (“Chino Valley”), SunState Towers, LLC, an Arizona limited liability company (“SunState”), and Pinnacle Consulting, Inc., an Arizona corporation (“Pinnacle”).

RECITALS:

1. In order to meet its expanding demand for its data network and telecommunications service, Chino Valley requires the expansion of its telecommunications facilities and the installation of new facilities as described in this Agreement; and
2. Chino Valley currently pays \$1,100 per month for its telecommunications facilities, which communicate via fiber optic cable from its data center located at the Chino Valley Library to Town Hall and other Town facility locations;
3. To expand its current data network and telecommunications facilities, Chino Valley would need to install new fiber optic cable at a cost of approximately \$5,000 with a subsequent additional monthly charge of \$1,100; and
4. Chino Valley desires to relocate its Development Services and Public Works Departments from their current locations on Voss Drive to the Town’s Recreation Center; and
5. SunState desires to lease two 50’ by 50’ pads located at Town Hall and the Recreation Center for the purpose of installing 100’ cell towers on which it will install cellular facilities for Chino Valley and telecommunications providers, which will benefit the community by enhancing telecommunications facilities in Chino Valley; and
6. Pinnacle has agreed to construct the towers for SunState and to construct an 80’ lattice tower for Chino Valley at the Chino Valley Library;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt, adequacy and sufficiency of all of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Responsibilities of the Parties:**

1.1 **Town Responsibilities:**

1.1.1 Lease to SunState a site for a wireless communications facility (“WCF”) at Town Hall located at 202 North State Route 89, Chino Valley, Arizona, consisting of

approximately 250 square feet and grant any easements required for access to the WCF and for the purpose of installing a 100-foot WCF. The form of Lease Agreement is attached as Exhibit A. The form of access easement is attached as Exhibit B.

1.1.2 Lease to SunState a WCF site at the Recreation Center located at 1615 North Road 1 East, Chino Valley, Arizona consisting of approximately 250 square feet along with any required easements for access to the WCF and for the purpose of installing a 100-foot WCF. The form of Lease Agreement is attached as Exhibit A. The form of access easement is attached as Exhibit B.

1.1.3 Provide the caisson design for the construction of an approximate 80' tall WCF to be constructed by Pinnacle at the Chino Valley Library. The general requirements for the caisson design are attached as Exhibit E.

1.1.4 Purchase and provide to SunState the materials required to install Chino Valley's dishes and conduit for the WCF sites described in Paragraphs 1.1.1 and 1.1.2 above.

1.1.5 Pay for materials required to construct the 80' WCF described in Paragraph 1.1.3 above and for installation of the Town's dishes on the WCF and any required conduit.

1.1.6 Maintain dishes located at the 80' centerline on the 100'WCFs located at Town Hall and the Recreation Center. Maintain dish at the 80' centerline on the 80' WCF at the Chino Valley Liberty.

1.2 SunState's Responsibilities:

1.2.1 Construct or cause to be constructed, own and maintain the 100' WCFs to be located at the Town Hall and Recreation Center sites pursuant to the Lease Agreement to be entered into with Chino Valley. Construction and maintenance shall comply with applicable federal and state requirements for construction of WCFs.

1.2.2 Install and align dishes for Chino Valley to be located at the 80' centerline on the 100'WCFs located at Town Hall and the Recreation Center. Installation and alignment shall comply with manufacturer's specifications and applicable federal and state requirements for construction of WCFs, if any.

1.2.3 Install and align the Chino Valley dish at the 80' centerline on the 80' WCF at the Chino Valley Library. Installation and alignment shall comply with manufacturer's specifications and applicable federal and state requirements for construction of WCFs, if any.

1.3 Pinnacle's Responsibilities:

1.3.1 Construct an approximately 80' tall lattice WCF at the Chino Valley Library pursuant to the specifications set forth on Exhibit C at no charge to Chino Valley, except

for reasonable charges for required materials. Construction shall comply with applicable federal and state requirements for construction of WCFs.

1.3.2 Install and align a dish for Chino Valley at the 80' centerline on the 80' WCF at the Chino Valley Library at no charge to Chino Valley. Installation shall comply with applicable federal and state requirements for construction of WCFs.

1.3.3 Install required conduit/cabling for dishes at cell sites (external to Town Hall, Recreation Center and Library buildings) at no charge to Chino Valley.

2. General Provisions

2.1 Indemnification. Each party agrees to appear, defend, indemnify, save and hold harmless the other (and each of their respective directors, officers, agents and employees) from and against all liabilities, suits, obligations, claims, demands, damages, fines, costs and expenses (including reasonable attorney's fees) arising under this Agreement to the extent that such are attributable, directly or indirectly, to the performance of this Agreement by the indemnifying party, its officers, agents and employees. This provision shall survive termination or cancellation of this Agreement. The indemnification set forth herein extends to all liability, losses and damages of any nature whatsoever, including any injuries to or death of persons, or damages to or destruction of property belonging to any person, arising out of or in any way connected with the performance of this Agreement. Where each party participated in the liability-causing event, each party shall contribute to the common liability on a pro rata share based upon its relative degree of fault as established by compromise, arbitration or litigation. The fact that not every claim, cost, loss or damage incurred may not be covered by the party's insurance does not diminish the indemnification obligation contained in this paragraph.

2.2 Insurance. Each party shall be responsible to provide its own insurance in an amount to cover any liability or damages it may incur in performance of its obligations pursuant to this Agreement.

2.3 Termination. This Agreement shall be in full force and effect until all construction and installations provided for herein have been completed. Following completion of the construction and termination of this Agreement, the Lease Agreement between SunState and Chino Valley shall continue in full force and effect (unless terminated by the parties thereto) and shall govern the facilities constructed and installed pursuant to this Agreement. Notwithstanding the above, the parties, upon notice and agreement in writing, may terminate this Agreement prior to completion of all construction and installations required herein.

2.4 Damages. The parties agree to waive all claims against each other for any consequential damages, special damages or similar types of damages, including but not limited to, lost revenues, lost profits, loss of technology, rights or services, loss of data, and interruption or loss of use of service that may arise out of or relate to this Agreement, even if advised of the possibility of such damages, whether under theory of contract, tort (including negligence), strict

liability or otherwise. The provisions of this section shall also apply to the termination or cancellation of this Agreement and shall survive such terminations or cancellation.

2.5 Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and deemed given if personally delivered or mailed, certified mail, return receipt requested or sent by next-business-day delivery by a nationally recognized overnight carrier to the following addresses:

To Chino Valley:

Town Manager
Town of Chino Valley
202 North State Route 89
Chino Valley, Arizona 86323

To SunState:

SunState Towers, LLC
1426 North Marvin Street, Suite 101
Gilbert, Arizona 85233
Attn: Land Management

To Pinnacle:

Pinnacle Consulting, Inc.

1426 North Marvin Street, Suite 101
Gilbert, Arizona 85233
Attn:

The Parties may from time to time designate any other address for this purpose by written notice to the other party. All notices hereunder shall be deemed received upon actual receipt or refusal to accept delivery.

3. Miscellaneous Provisions.

3.1 Entire Agreement. This Agreement constitutes the entire agreement between the Parties. All prior and contemporaneous agreements, understandings, negotiations, representations and understandings of the Parties, oral or written, are hereby superseded by this Agreement.

3.2 Amendment. No change or addition is to be made to this Agreement except by written amendment approved by the parties.

3.3 Waiver. No waiver by any Party of a breach of this Agreement will be construed as a waiver of a succeeding breach of the same or any other covenant of this

Agreement. No delay in exercising any right granted by this Agreement will constitute a waiver of that right. No waiver shall be effective unless it is in writing and is signed by the Party asserted to have granted such waiver.

3.4 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original; but all of which together shall constitute one and the same instrument. The signature pages from one or more counterparts may be removed from such counterparts and such signature pages all attached to a single instrument.

3.5 Captions. The captions used in this Agreement are inserted for convenience in reference only and are not to be used to interpret or construe this Agreement.

3.6 Incorporation of Recitals. The recitals to this Agreement are hereby affirmed by the Parties as true and correct and are incorporated in and made a part of this Agreement by this reference.

3.7 Good Standing: Authority. Each of the Parties represents and warrants to the other that it has full power and authority to enter into and perform this Agreement, and that the person signing on behalf of each has been properly authorized and empowered to bind the Party on whose behalf each such individual is signing.

3.8 Severability. If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable (or is construed as requiring Chino Valley to do any act in violation of any constitutional provision, law, regulations, Chino Valley Town code or Unified Development Ordinance), such provision shall be deemed severed from this Agreement and this Agreement shall otherwise remain in full force and effect, provided that this Agreement shall retroactively be deemed reformed to the extent reasonably possible in such a manner so that the reformed agreement provides essentially the same rights and benefits (economic and otherwise) to the Parties as if such severance and reformation were not required. The Parties further agree, in such circumstances, to do all acts and to execute all amendments, instruments and consents necessary to accomplish and to give effect to the purposes of this Agreement, as reformed.

3.9 Governing Law. This Agreement shall be governed, construed and controlled according to the laws of the State of Arizona.

3.10 Attorneys' Fees. In the event any action, suit or proceeding is brought by any Party to enforce compliance with this Agreement, to exercise any rights or remedies under this Agreement, or to declare the rights of the Parties to this Agreement, the Party which does not prevail shall pay to the prevailing Party all costs and expenses of such action, suit or proceeding, together with such sum as the court (and not the jury) may adjudge reasonable as attorneys' fees to be allowed in said suit, action or proceeding.

3.11 Conflict of Interest Statute. This Agreement is subject to, and may be terminated by the Town in accordance with, the provisions of A.R.S. §38-511.

3.13 No Third Party Beneficiaries. No term or provision of this Agreement shall benefit any third person, or any other firm, organization, or corporation not a Party hereto, and no such person, firm, organization, or corporation shall have any right or cause of action hereunder.

IN WITNESS WHEREOF, the parties have entered into this Agreement effective as of the date first above written.

CHINO VALLEY

Chris Marley, Mayor

Date: _____

Attest:

Jami Lewis, Town Clerk

Approved as to Form:

Curtis, Goodwin, Sullivan, Udall & Schwab, PLC
Town Attorney

SUN STATE, LLC

Chad Ward, President

Date: _____

STATE OF ARIZONA)
) ss:
COUNTY OF MARICOPA)

Subscribed and sworn to before me this ____ day of _____, 2015, by Chad A. Ward, President of SunState Towers LLC, an Arizona corporation.

Notary Public

My Commission Expires:

PINNACLE CONSULTING, INC.

_____ Date: _____
By:
Its:

STATE OF ARIZONA)
) ss:
COUNTY OF MARICOPA)

Subscribed and sworn to before me this ____ day of _____, 2015
, by _____, _____ of Pinnacle Consulting, an Arizona limited liability
company.

Notary Public

My Commission Expires:

EXHIBIT A
WIRELESS COMMUNICATIONS FACILITY LEASE

EXHIBIT B

ACCESS EASEMENT FOR WIRELESS COMMUNICATIONS FACILITIES AT TOWN
HALL AND RECREATION CENTER

EXHIBIT C

REQUIREMENTS FOR CAISSON DESIGN FOR WIRELESS COMMUNICATIONS
FACILITY AT LIBRARY

WIRELESS COMMUNICATIONS SITE LEASE

This Wireless Communications Site Lease ("Lease") is entered into this ____ day of _____, 2015, by and between the Town of Chino Valley, a municipal corporation and political subdivision of the state of Arizona ("Chino Valley") and SunState Towers, an Arizona limited liability corporation ("Lessee").

RECITALS:

- A. Chino Valley is the owner of those certain parcels of land located in the County of Yavapai, State of Arizona, commonly known as the Chino Valley Recreation Center, Chino Valley Town Hall and Chino Valley Library.
- B. The Chino Valley Recreation Center Site consists of approximately 250 square feet of area, is located at 1615 North Road 1 East in Chino Valley, Arizona and is more particularly described on **Exhibit A-1**.
- C. The Chino Valley Town Hall Site consists of approximately 250 square feet of area, is located at 202 N. State Route 89 in Chino Valley, Arizona and is more particularly described on **Exhibit A-2**. Collectively, the Chino Valley Recreation Center Site and the Town Hall Site shall be referred to herein as the "Sites".
- D. The access routes and utility easements necessary for Lessees' use under this Lease ("**Access Routes**") are depicted in the maps attached hereto as part of **Exhibits A-1 and A-2**. The Sites and Access Routes are collectively referred to hereafter as the "**Premises**".
- E. Chino Valley desires to lease the Premises to Lessee and Lessee desires to lease the Premises from Chino Valley subject to the terms and conditions set forth in this Lease.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt, adequacy and sufficiency of all of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Lease Term.

1.1 Commencement. The Lease shall commence upon _____, 2015 ("**Term Commencement Date**").

1.2 Term. The Lease shall be for a term of twenty-five (25) years ("**Term**") unless sooner terminated as provided herein.

1.3 Renewal. The Lease will automatically renew for up to five (5) successive five (5) year periods ("**Renewal Terms**") on the same terms and conditions as set forth herein, unless sooner terminated as provided in this Lease. The Term and Renewal Terms may collectively be referred to as the "**Lease Term**."

1.4 Holding Over. Any holding over after the expiration of the Lease Term, with the consent of Chino Valley, shall be construed to be a tenancy from month to month for which Chino Valley may, after reasonable notification of Lessee, impose a reasonable rental fee. The provisions of this Lease shall apply to any such holding over period.

1.5 Acceptance of Premises. By taking possession of the Premises, Lessee warrants that it has inspected the Premises and accepts the Premises in the condition existing as of the Commencement Date. Chino Valley makes no representation or warranty with respect to the condition of the Site. Chino Valley shall not be liable for any latent or patent defect in the Site that interferes with Lessee's use.

2. Consideration; Rent

2.1 Consideration. As consideration for this Lease, in lieu of rental payments, Lessee shall construct and install for the benefit of Chino Valley, certain communications equipment on the Tower Lessee will construct on the Site and in the locations approved by Lessee and Chino Valley, as more particularly described on **Exhibit B**.

2.2 Additional Consideration. As additional consideration, at no charge to Chino Valley, Lessee shall construct and install for the benefit of Chino Valley, an 80' wireless communications facility ("WCF") and install dishes thereon at the Chino Valley Library, at a location to be designated by Chino Valley, as set forth on **Exhibit C**. Chino Valley shall design the caisson for lattice structure and shall purchase or reimburse Lessee for the reasonable cost of required dishes, wires, conduit, steel and concrete and other construction materials required for the construction of the WCF and installation of telecommunications equipment related thereto.

3. Permissible Use.

3.1 In General. During the Lease Term and subject to the terms and conditions of this Lease, Lessee may use the Premises for any lawful activity in connection with provision of wireless communications services, including without limitation, the transmission and reception of wireless communication signals and the construction, maintenance and operation of related communication facilities. All activities conducted pursuant to the Lease shall comply with applicable federal and state laws for the construction, operation and maintenance of WCFs.

3.2 Other Lease Approvals; Cooperation. Lessee shall be responsible for obtaining and maintaining during Lease Term all insurance, certificates, licenses, permits and other consents and approvals that may be required by any federal, state or local authorities for the use of the Site and the conduct of its business related to the Premises. Chino Valley agrees to cooperate with Lessee in its effort to obtain such approvals and will take no action which would adversely affect the status of the Premises with respect to the proposed use thereof by Lessee, unless required to do so by law or regulation or to protect public health, safety or welfare.

3.3 Compliance with Laws. Lessee shall comply with all applicable laws, including but not limited to zoning and environmental laws relating to its use and possession of the Premises.

4. Improvements.

4.1 Lessee Facilities. Lessee has the right, at Lessee's sole cost and expense, to construct, maintain, install, repair, secure, replace, remove and operate on the Premises wireless communications facilities, including but not limited to a foundation, utility lines, transmission lines, an air conditioned equipment shelter(s), and/or air conditioned equipment room, electronic equipment, transmitting and receiving antennas, microwave dishes, antennas and equipment, a power generator and generator pad, and supporting equipment and structures, and security fencing ("**Lessee Facilities**"), as generally described in **Exhibit C**, attached hereto and incorporated by reference.

4.2 Utility Lines. Lessee at its own expense shall install utility lines to the Site necessary for Lessee Facilities and consistent with approval of the utility company.

4.3 Construction. All Lessee Facilities shall be constructed and installed at Lessee's sole cost and expense. Lessee shall obtain Chino Valley's prior approval of construction plans and specifications for such construction, which shall not be unreasonably withheld. All Lessee Facilities shall be constructed or installed in compliance with and specifications of plans approved by Chino Valley and in compliance with applicable federal and state laws for the construction of WCFs. Within thirty (30) days after completion of construction, Lessee shall provide Chino Valley with as-built drawings of the Lessee Facilities.

4.4 Construction Bond. Lessee shall, prior to commencing any construction on the Premises, post a payment bond in an amount equal to one hundred percent (100%) of the cost of construction with a surety company reasonably acceptable to Chino Valley, assuring that the improvements will be constructed without the attachment of any construction liens.

4.5 Title. Title to the WCFs and any equipment placed on the Site by Lessee shall be held by Lessee or its lenders or assigns and are not fixtures, unless abandoned with permission of Lessee pursuant to Paragraph 6(h) (Removal or Abandonment).

4.6 Replacement or Upgrades, and New Facilities. Lessee shall notify Chino Valley prior to replacing, upgrading, or relocating Lessee Facilities or adding New Facilities. Lessee may replace, upgrade, or relocate Lessee Facilities on the Site or add New Facilities on the Site provided that: i) any change is approved in writing by Chino Valley; ii) Lessee obtains any other approval required by this Lease, the Town of Chino Valley Municipal Code, Unified Development Ordinance or any other Town Codes or Ordinances in effect at the time of the improvements; iii) Such changes do not materially interfere with any other existing uses; iv) the parties agree upon any additional rent if required for New Facilities; and v) a Lease Amendment is executed in the case of any New Facilities. Approved replacements and upgrades and approved New Facilities shall become part of Lessee Facilities as that term is used herein.

4.7 Like-for-Like Equipment Modifications. "Like-for-Like Equipment Modification" means removal of Lessee's equipment installed at the Premises, ("Old Equipment"), and replacing the same with new equipment ("Replacement Equipment"). Lessee shall be permitted to make "Like-for-Like Equipment Modifications" without Chino Valley's approval thereof conditioned upon any extension of the remaining Term of the applicable

Supplement to this Lease or other change to the terms and conditions of such Supplement (including the terms and conditions of this Lease).

4.8 Removal or Abandonment. Unless Chino Valley in writing allows Lessee to abandon the Lessee Facilities in place, Lessee at its sole expense shall remove the Lessee Facilities to a depth of five feet (5') below grade on or before the expiration or earlier termination of this Site Lease. Such removal shall be done in a workmanlike and careful manner and without interference or damage to any other facilities or operations on the Premises. Lessee shall repair any damage to the Premises caused by such removal to the reasonable satisfaction of Chino Valley. Title to any Lessee Facilities which are abandoned in place with the written permission of Chino Valley shall be deemed transferred to Chino Valley without compensation to Lessee. Said abandoned Lessee Facilities shall thereafter be the sole property of Chino Valley.

5. Maintenance. Lessee at its own expense shall maintain the Premises and its Lessee Facilities in good repair and in a manner suitable to Chino Valley so as not to conflict with any adjacent Chino Valley operations. Lessee shall have sole responsibility for the maintenance, repair, and security of its Lessee Facilities for the purpose of which Chino Valley grants Lessee the right to clear all trees, undergrowth, or other obstructions and to trim, cut, and keep trimmed all tree limbs which interfere with or fall upon the Tower Facilities or the Premises. Lessee is not responsible for reasonable wear and tear or damage from casualty and condemnation.

6. Access and Utilities.

6.1 Access to Site. Chino Valley shall provide Lessee, Lessee's employees, agents, contractors, subcontractors and assigns with access to the Site twenty-four (24) hours a day, seven (7) days a week, at no charge to Lessee. Lessee shall comply with reasonable security requirements of Chino Valley related to accessing the Site.

6.2 Non-Exclusive Access Routes. Lessee, its agents, employees and contractors, shall have a non-exclusive right and easement for pedestrian and vehicular ingress and egress across, and Lessee shall have an easement for utility lines to access the Site via the Access Routes described or depicted generally in Exhibits A-1 and A-2. Chino Valley and Lessee each shall conduct operations within the Access Routes so as to cause minimal or no interference to others.

6.3 Maintenance of Roadways. Chino Valley shall maintain all access roadways from the nearest public roadway to the Premises in a manner sufficient to allow pedestrian and vehicular access at all times under normal weather conditions. Chino Valley shall be responsible for maintaining and repairing such roadways, at its sole expense, except for any damage caused by Lessee's use of such roadways.

6.4 Payment of Utilities. Lessee shall, at its own expense, install separate meters for electricity and other utilities necessary for Lessee Facilities and shall timely pay all utility charges associated therewith.

6.5 Additional Conduit. As additional consideration for this Lease, Lessee at its own expense shall install additional conduit to the Site for possible future co-location of another wireless communications facilities provided on or near the Site. Such additional conduit shall be constructed pursuant to plans approved by Chino Valley and title shall be transferred to Chino Valley upon final acceptance. The additional conduit is generally described as set forth in **Exhibit C-1**.

7. Interference.

7.1 Interference with Existing Uses. Lessee acknowledges that Chino Valley conducts municipal activities including but not limited to office and recreational activities adjacent to or near the Premises. Lessee's installation, operation and maintenance of Lessee Facilities shall not damage or interfere in any way with existing Chino Valley operations or related activities or other existing lessee or licensee activities. Lessee agrees to cease all such actions which materially interfere with existing activities upon written notice of such interference; provided, however, in such case Lessee shall have the right to terminate the Lease.

7.2 Interference and New Uses. Subsequent to the installation of the Lessee Facilities, Chino Valley will not, and will not permit its lessees or licensees to, install new equipment on or make any alterations to the Premises or property contiguous thereto owned or controlled by Chino Valley, if such modifications are likely to cause a material interference with Lessee's operations. In the event interference occurs, Chino Valley agrees to use best efforts to eliminate any material interference within a reasonable time period. Chino Valley's failure to comply with this Paragraph shall be a material breach of this Lease.

8. Fees and Taxes. Lessee shall pay, as they become due and payable, all fees, charges, taxes and expenses required for licenses and/or permits required for or occasioned by Lessee's use of the Premises. Lessee shall pay all real and personal property taxes assessed against the Lessee Facilities. Chino Valley shall pay when due, all real property taxes and all other taxes, fees and assessments attributable to the Premises or this Lease.

9. Assignment and Subletting.

9.1 Sublease. Lessee may sub-lease any portion of its Lessee Facilities or the Site to other wireless communications facility providers (a "**Co-locator**" or collectively the "**Co-locators**") without Chino Valley's written consent, so long as Lessee notifies Chino Valley by certified mail not less than thirty (30) days prior to such sub-lease becoming effective. Said notice shall include the Co-locator's name, contact person, address, telephone number and other contact information. In the event of a sublease, Lessee shall remain fully liable for all obligations and liabilities under this Lease, and for all actions of all Co-locators related to this Lease unless Chino Valley enters into a separate agreement with the Co-locator. Nothing herein shall be construed to authorize any facilities other than the approved Lessee Facilities. Co-locators shall only modify the Tower Facilities, install utilities on, in, and to the Site and to erect additional improvements on the Premises, including, but not limited to antennas, dishes, cabling, additional buildings or shelters ancillary to the Intended Use as approved by Chino Valley in writing, prior to said modification. Co-locators will be entitled to all rights of ingress and egress to the Site.

9.2 Assignment. Lessee may assign the Lease to another company, with Chino Valley's written consent, which shall not be unreasonably withheld; provided, however, Lessee may i) assign or transfer this Lease to a financially viable parent, subsidiary, or affiliate, without Chino Valley consent, and, ii) Lessee may assign the Lease to a commercial lending institution solely as security for financing purposes without Chino Valley consent. In the event of an assignment, Assignee shall assume all obligations and liabilities of Lessee, known and unknown, under the Lease arising both before and after the assignment date.

9.3 Change in Control. Except as permitted under Paragraph 9.2, if Lessee is a corporation or partnership, and if there is a change in control of the Lessee at any time during the Lease Term, then Chino Valley at its option may, by giving ten (10) days prior written notice to Lessee, declare such change a breach of this Lease unless Chino Valley has previously consented in writing to the change in control. "**Change in control**" shall mean a new majority voting control of the Lessee, or change in ownership of at least fifty-one percent (51%) of the stock ownership of Lessee.

9.4 In the event of Bankruptcy. Any person or entity to which this Lease is assigned or transferred as part of any bankruptcy proceeding shall be deemed without further act to have assumed all of the liabilities and obligations of Lessee arising under this Lease on and after the date of such assignment. Any such assignee or transferee shall upon demand execute and deliver to Chino Valley an instrument confirming such assumption or transference. Any monies or other considerations payable or otherwise to be delivered in connection with such assignment or transference shall be paid to Chino Valley, shall be the exclusive property of Chino Valley, and shall not constitute "property" of the Lessee or of the estate of Lessee within the meaning of the Bankruptcy Code. Any monies or other considerations constituting Chino Valley's property under the preceding sentence not paid or delivered to Chino Valley shall be held in trust for the benefit of Chino Valley and be promptly paid to Chino Valley.

10. Default and Remedies.

10.1 Default by Lessee. Lessee shall be deemed in default of this Lease if either of the following occurs:

10.1.1 Lessee fails to pay any rent amounts when due as required by any supplements or amendments to this Lease and does not cure such default within ten (10) days of receipt of written notice from Chino Valley; or

10.1.2 If Lessee fails to comply with the performance of any other covenant or condition of this Lease, including construction and installation of the facilities set forth in Exhibits B and C to this Lease and does not cure such other default within thirty (30) days after written notice from Chino Valley specifying the default complained of, unless such default cannot reasonably be cured within thirty (30) days, in which case Lessee will not be in default as long as Lessee commences to cure the default within the thirty (30) days and diligently pursues such cure to completion; or

10.1.3 If Lessee abandons or vacates the Premises for a continuous period of four (4) months or longer; or

10.1.4 If Lessee is adjudicated as bankrupt or makes any assignment for the benefit of creditors.

10.2 Chino Valley's Remedies in Event of Lessee Default. In the event of a default by Lessee, Chino Valley shall notify Lessee, in writing, of said default. If Lessee fails to cure within thirty (30) days after the date of the notice, or in such other applicable time period as outlined above, in addition to and not exclusive of any other remedy available to Chino Valley by operation of law, Chino Valley shall have the right, at its option, to terminate the Lease in which event Lessee shall immediately remove the Lessee Facilities and pay Chino Valley a sum of money equal to the total of: (i) the total amount necessary to construct and install any and all facilities required pursuant to this Lease; and (ii) any other amount necessary to compensate Chino Valley for all detriment proximately caused by Lessee's failure to perform its obligations under the Lease.

10.3 Cure by Chino Valley. In the event of any default of this Lease by Lessee, Chino Valley may at any time, after notice, cure the default for the account of and at the expense of the Lessee. If Chino Valley is compelled to pay or elects to pay any sum of money or to do any act which will require the payment of any sum of money or is compelled to incur any expense, including reasonable attorney fees in instituting, prosecuting or defending any action to enforce Chino Valley's rights under this Lease, the sums so paid by Chino Valley, with all interest, costs and damages shall be deemed to be due from the Lessee to Chino Valley on the first day of the month following the incurring of the respective expenses.

10.4 Default by Chino Valley. Chino Valley shall be in default if Chino Valley fails to comply with the performance of any covenant or condition of this Lease and does not cure such other default within thirty (30) days after written notice from Lessee specifying the default complained of, unless such default cannot reasonably be cured within thirty (30) days, in which case Chino Valley will not be in default as long as Chino Valley commences to cure the default within the thirty (30) days and diligently pursues such cure to completion. In the event of a Chino Valley default and failure to cure, Lessee may terminate this Lease upon written notice to Chino Valley and shall immediately remove the Lessee Facilities as set forth in Paragraph 4.8.

11. Voluntary Termination.

11.1 Voluntary Termination by Lessee. This Lease may be terminated by Lessee without further liability on ninety (90) days prior written notice (i) if Lessee is unable to reasonably obtain or maintain any certificate, license, permit, authority or approval from any governmental authority, thus, restricting Lessee from installing, removing, replacing, maintaining or operating the Lessee Facilities or using the Premises in the manner intended by Lessee; (ii) if Lessee determines that the Premises are not appropriate for its operations for economic, environmental or technological reasons, including without limitation, signal strength, coverage or interference, or (iii) or if Lessee otherwise determines, within its sole discretion, that it will be unable to use the Premises for Lessee's intended purpose. If the Lessee Facilities or any portion of the Lessee Facilities are destroyed or damaged so as to materially interfere with effective use of the Lessee Facilities through no fault or negligence of Lessee, Lessee may elect to terminate this Lease upon ninety (90) days' written notice to Chino Valley. In such event,

Lessee shall promptly remove the Lessee Facilities from the Premises as set forth in Paragraph 4.8 and this Lease shall terminate upon Lessee's fulfillment of the same.

11.2 Voluntary Termination by Chino Valley.

11.2.1 During the initial Term, this Lease may be terminated by Chino Valley with ninety (90) days prior written notice to Lessee without further liability to Lessee, except Chino Valley shall pay Lessee's reasonable actual costs of re-location of the Lessee Facilities, including associated administrative and permitting costs, not to exceed \$50,000. All costs shall be fully documented by Lessee as a condition of reimbursement.

11.2.2 During the First Renewal Term (years 26-30), this Lease may be terminated by Chino Valley without further liability to Lessee if Chino Valley reasonably determines termination is necessary to serve a governmental (non-proprietary) purpose, upon one year's prior written notice to Lessee.

11.2.3 At any time after the First Renewal Term (year 31 or subsequent), this Lease may be terminated by Chino Valley without further liability to Lessee upon one year's prior written notice to Lessee.

12. Damage or Destruction of Lessee Facilities. If the Lessee Facilities or any portion of the Lessee Facilities are destroyed or damaged so as to materially interfere with effective use of the Lessee Facilities through no fault or negligence of Lessee, Lessee may elect to terminate this Lease upon ninety (90) days' written notice to Chino Valley. In such event, Lessee shall promptly remove the Lessee Facilities from the Premises as set forth in Paragraph 4.8 and this Lease (and Lessee's obligation to pay rent) shall terminate upon Lessee's fulfillment of the same. Chino Valley shall have no obligation to repair any damage to any portion of the Premises.

13. Condemnation. If the Premises are taken by eminent domain, this Lease shall terminate as of the date title to the Premises vests in the condemning authority. In the event a portion of the Premises is taken by eminent domain so as to materially hinder effective use of the Premises by Lessee, either party shall have the right to terminate this Lease as of said date of title transfer, by giving thirty (30) days' written notice to the other party. In the event of any taking under the power of eminent domain, Lessee shall not be entitled to any portion of the reward paid for the taking and Chino Valley shall receive full amount of such award. Lessee shall hereby expressly waive any right or claim to any portion thereof. Although all damages, whether awarded as compensation for diminution in value of the leasehold or to the fee of the Premises, shall belong to Chino Valley, Lessee shall have the right to claim and recover from the condemning authority, but not from Chino Valley, such compensation as may be separately awarded or recoverable by Lessee on account of any and all damage to Lessee's business and any costs or expenses incurred by Lessee in moving or removing its equipment, personal property, and leasehold improvements.

14. Indemnity.

14.1 Disclaimer of Liability. Chino Valley shall not at any time be liable for injury or damage occurring to any person or property from any cause whatsoever arising out of Lessee's construction, maintenance, repair, use, operation, condition or dismantling of the Premises, unless such injury or damage is caused by the negligence of Chino Valley or Chino Valley's employees.

14.2 Indemnification. Lessee shall, at its sole cost and expense, indemnify and hold harmless Chino Valley and all associated, affiliated, allied and subsidiary entities of Chino Valley, now existing or hereinafter created, and their respective officers, boards, commissions, employees, agents, attorneys, and contractors (hereinafter referred to as "Indemnitees"), from and against:

14.2.1 Any and all liability, obligation, damages, penalties, claims, liens, costs, charges, losses and expenses (including, without limitation, reasonable fees and expenses of attorneys, expert witnesses and consultants), which may be imposed upon, incurred by or be asserted against the Indemnitees by reason of any act or omission of Lessee, its personnel, employees, agents, contractors or subcontractors, resulting in personal injury, bodily injury, sickness, disease or death to any person or damage to, loss of or destruction of tangible or intangible property, libel, slander, invasion of privacy and unauthorized use of any trademark, trade name, copyright, patent, service mark or any other right of any person, firm or corporation, which may arise out of or be in any way connected with the construction, installation, operation, maintenance, use or condition of the Premises or the Lessee's failure to comply with any federal, state or local statute, ordinance or regulation.

14.2.2 Any and all liabilities, obligations, damages, penalties, claims, liens, costs, charges, losses and expenses (including, without limitation, reasonable fees and expenses of attorneys, expert witnesses and other consultants), which are imposed upon, incurred by or asserted against the Indemnitees by reason of any claim or lien arising out of work, labor, materials or supplies provided or supplied to Lessee, its contractors or subcontractors, for the installation, construction, operation, maintenance or use of the Premises and, upon the written request of Chino Valley, Lessee shall cause such claim or lien covering Chino Valley's property to be discharged or bonded within thirty (30) days following such request.

14.2.3 Any and all liability, obligation, damages, penalties, claims, liens, costs, charges, losses and expenses (including, without limitation, reasonable fees and expenses of attorneys, expert witnesses and consultants), which may be imposed upon, incurred by or be asserted against the Indemnitees by reason of any financing or securities offering by Lessee or its affiliates for violations of the common law or any laws, statutes, or regulations of the State of Arizona or United States, including those of the Federal Securities and Exchange Commission, whether by Lessee or otherwise.

14.2.4 Lessee's obligation to indemnify Indemnitees under this Lease shall not extend to claims, losses, and other matters covered hereunder that are caused or contributed to by the negligence of one or more Indemnitees.

14.3 Nothing herein shall be construed to waive Lessee's rights to seek recovery against Chino Valley for Chino Valley's gross negligence other than lost profits or revenues caused to Lessee's operations, or to seek recovery against third persons for any damages caused to property or injury to persons, in, upon or about the Premises by such other persons.

14.4 Assumption of Risk. Lessee undertakes and assumes for its officers, agents, affiliates, contractors and subcontractors and employees (collectively "Lessee" for the purpose of this Paragraph), all risk of dangerous conditions, if any, on or about the Premises, and Lessee hereby agrees to indemnify and hold harmless the Indemnitees against and from any claim asserted or liability imposed upon the Indemnitees for personal injury or property damage to any person (other than from Indemnitee's negligence) arising out of the Lessee's installation, operation, maintenance, condition or use of the Premises or Lessee's failure to comply with any federal, state or local statute, ordinance or regulation.

14.5 Defense of Indemnitees. In the event any action or proceeding shall be brought against the Indemnitees by reason of any matter for which the Indemnitees are indemnified hereunder, Lessee shall, upon notice from any of the Indemnitees, at Lessee's sole cost and expense, resist and defend the same with legal counsel mutually selected by Lessee and Chino Valley; provided however, that Lessee shall not admit liability in any such matter on behalf of the Indemnitees without the written consent of Chino Valley and provided further that Indemnitees shall not admit liability for, nor enter into any compromise or settlement of, any claim for which they are indemnified hereunder, without the prior written consent of Lessee.

14.6 Notice, Cooperation and Expenses.

14.6.1 Chino Valley shall give Lessee prompt notice of the making of any claim or commencement of any action, suit or other proceeding covered by the provisions of this Paragraph. Nothing herein shall be deemed to prevent Chino Valley from cooperating with Lessee and participating in the defense of any litigation by Chino Valley's own counsel. Lessee shall pay all expenses incurred by Chino Valley in response to any such actions, suits or proceedings. These expenses shall include all out-of-pocket expenses such as attorney fees and shall also include the reasonable value of any services rendered by the Chino Valley's attorney, and the actual expenses of Chino Valley's agents, employees or expert witnesses, and disbursements and liabilities assumed by Chino Valley in connection with such suits, actions or proceedings but shall not include attorneys' fees for services that are unnecessarily duplicative of services provided Chino Valley by Lessee.

14.6.2 If Lessee requests Chino Valley assist it in such defense then Lessee shall pay all expenses incurred by Chino Valley in response thereto, including defending itself with regard to any such actions, suits or proceedings. These expenses shall include all out-of-pocket expenses such as attorney fees and shall also include the costs of any services rendered by the Chino Valley's attorney, and the actual expenses of Chino Valley's agents, employees or expert witnesses, and disbursements and liabilities assumed by Chino Valley in connection with such suits, actions or proceedings.

15. Insurance.

15.1 Coverage. During the term of the Lease, Lessee shall maintain, or cause to be maintained, in full force and effect and at its sole cost and expense, the following types and limits of insurance.

15.1.1 Worker's compensation insurance meeting applicable statutory requirements and employer's liability insurance with minimum limits of One Hundred Thousand Dollars (\$100,000) for each accident.

15.1.2 Comprehensive commercial general liability insurance with minimum limits of Two Million Dollars (\$2,000,000) as the combined single limit for each occurrence of bodily injury, personal injury and property damage. The policy shall provide blanket contractual liability insurance for all written contracts, and shall include coverage for products and completed operations liability, independent contractor's liability; coverage for property damage from perils of explosion, collapse or damage to underground utilities, commonly known as XCU coverage.

15.1.3 Automobile liability insurance covering all owned, hired, and non-owned vehicles in use by Lessee, its employees and agents, with personal protection insurance and property protection insurance to comply with the provisions of state law with minimum limits of Two Million Dollars (\$2,000,000) as the combined single limit for each occurrence for bodily injury and property damage.

15.1.4 At the start of and during the period of any construction, builders all-risk insurance, together with an installation floater or equivalent property coverage covering cables, materials, machinery and supplies of any nature whatsoever which are to be used in or incidental to the installation of the Tower. Upon completion of the installation of the Tower, Lessee shall substitute for the foregoing insurance policies of fire, extended coverage and vandalism and malicious mischief insurance on the Premises. The amount of insurance at all times shall be representative of the insurable values installed or constructed.

15.1.5 Business interruption insurance coverage in an amount sufficient to cover such loss of revenues, for the period of time which it would take, under normal circumstances, to repair or replace that part(s) of the Premises which is damaged and caused the loss of revenue.

15.1.6 All policies other than those for Worker's Compensation shall be written on an occurrence and not on a "claims made" basis.

15.1.7 The coverage amounts set forth above may be met by a combination of underlying and umbrella policies so long as in combination the limits equal or exceed those stated.

15.2 Additional Insureds. All policies, except for business interruption and worker's compensation policies, shall name Chino Valley and its agents as additional insureds

(herein referred to as the “Additional Insureds”). Each policy which is to be endorsed to add Additional Insureds hereunder, shall contain cross-liability wording, as follows:

In the event of a claim being made hereunder by one insured for which another insured is or may be liable, then this policy shall cover such insured against whom a claim is or may be made in the same manner as if separate policies had been issued to each insured hereunder.

15.3 Evidence of Insurance. Current certificates of insurance for each insurance policy required to be obtained by Lessee in compliance with this Paragraph shall be filed and maintained with Chino Valley within thirty (30) days of the Term Commencement Date and within ten (10) days of any renewal or change in such policies. If Chino Valley is not provided current certificates and must request an updated certificate, Lessee shall pay an administrative fee of twenty-five dollars (\$25.00) for each certificate so requested.

15.4 Notice of Claims. Lessee shall immediately advise Chino Valley of any claim or litigation that may result in liability to Chino Valley.

15.5 Cancellation of Policies of Insurance. Lessee shall endeavor to include the following endorsement in all insurance policies maintained pursuant to this Lease:

At least sixty (60) days prior written notice shall be given to Chino Valley by the insurer of any intention not to renew such policy or to cancel, replace or materially alter same, such notice to be given by registered mail to the parties to the Lease.

15.6 Insurance Companies. All insurance shall be affected under valid and enforceable policies, insured by insurers licensed to do business by the State of Arizona, with an A+, AAA or better rating in “A. M. Best Insurance Guide.”

15.7 Contractors. Lessee shall require that each and every contractor and subcontractor who performs work on the Premises carry, in full force and effect, workers’ compensation, comprehensive public liability and automobile liability insurance coverage of the type which Lessee is required to obtain under the terms of this Paragraph with appropriate limits of insurance.

16. Regulated/Hazardous Substances Indemnification.

16.1 Lessee Inspections and Testing. During the Due Diligence Period (prior to leasing the Premises) Lessee shall conduct such inspections and testing as it deems necessary to determine that there are no pre-existing Regulated Substances as defined herein on the Premises.

16.2 Applicable Laws. Lessee recognizes that assuring protection of public health, welfare and the environment from activities upon the Premises during the Lease Term is an important consideration for Chino Valley and during the Lease Term the federal, state and local laws, rules, regulations and ordinances relating to pollution, protection of the environment,

public health, safety or industrial hygiene (hereinafter referred to as the “**Applicable Laws**”) will change. Lessee warrants that throughout the Lease Term, Lessee will maintain compliance with all Applicable Laws.

16.3 Regulated Substances. Lessee further warrants, unless disclosed and agreed to by Chino Valley, that no liquid, solid, semi-solid or gaseous Regulated Substances as defined herein which are, or during the Lease Term may become, subject to regulation under Applicable Laws, other than _____, will be used on the Premises. “**Regulated Substances**” include, but are not limited to, any and all substances, materials or wastes regulated under the Resource Conservation and Recovery Act, 43 U.S.C. § 8909, *et seq.*; the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601, *et seq.*; the Toxic Substances Control Act, 15 U.S.C. § 2601, *et seq.*; the Arizona Hazardous Waste Management Act, A.R.S. § 49-921, *et seq.*; the Arizona Underground Storage Tank Regulation Act, A.R.S. § 49-101, *et seq.*; and the rules and regulations adopted and guidelines promulgated pursuant to the Applicable Laws.

16.4 Discharges and Emissions. In addition to the other requirements of this Paragraph 16, Lessee shall not release, discharge, leak or emit, or permit to be released, discharged, leaked or emitted into the atmosphere, ground, soil, sewer system, surface water or groundwater any substance if such substance (as reasonably determined by Chino Valley, or any governmental authority) does or may pollute or contaminate the same, or may adversely affect: i) the environment, ii) the health, welfare or safety of persons whether located on the Premises or elsewhere, or iii) the condition, value, use or enjoyment of the Premises or any other real or personal property.

16.5 Permits. Lessee has or will timely obtain, maintain and comply with all provisions of all permits, licenses and other authorizations which are required under the Applicable Laws (hereinafter referred to as the “**Permits**”).

16.6 Notices Required. Lessee shall immediately notify Chino Valley, orally and in writing, of any allegations by any governmental authority or other person or entity of any event of non-compliance with the applicable laws or permits of this section. Lessee shall also immediately notify Chino Valley orally and in writing, of any allegations by any governmental authority or other person or entity, of any events, conditions, circumstances, activities, practices, incidents, actions or plans which may interfere with or prevent continued compliance with Applicable Laws, Permits or the provisions of this section, or which may give rise to any common law or legal liability, or otherwise form the basis of any claim, action, suit, proceeding, hearing or investigation, based on or related to the generation, manufacture, distribution, use, treatment, storage, disposal, transport, or handling, or the emission, discharge, release or threatened release into the environment, of any pollutant, contaminant or Regulated Substance.

16.7 Chino Valley Inspections. Chino Valley, or its authorized representative, agent or contractor, shall have the right, upon reasonable notice, to inspect the Premises and to review and copy documents, records, and data maintained by Lessee relating to substances used and stored on the Premises or disposed of, released or otherwise removed from the Premises, in order to assure itself that Lessee is in compliance with the provisions of this Paragraph 16. In

addition, Chino Valley shall have the right, at its expense, to perform periodic environmental inspections as Chino Valley deems necessary using the services of a qualified and duly licensed environmental engineers approved by Lessee whose approval thereof may not be unreasonably withheld. The said engineers shall conduct such sampling and testing of soils, water, substances and emissions as Chino Valley deems necessary to assure itself that Lessee is in compliance with the provisions of this Section.

16.8 Reimbursement of Chino Valley Costs; Remediation. In the event the results of the inspection indicate a need for further testing and/or remediation as a result of Lessee's use of the Premises in order to comply with ADEQ or EPA remediation standards or guidelines, then Lessee hereby agrees to reimburse Chino Valley for its reasonable inspection costs and to pay for such additional testing and remediation as will be required as a consequence of Lessee's use of the Premises. Should remediation be required as a consequence of Lessee's use of Premises, Lessee shall immediately undertake such remediation as is necessary to restore the condition of the Premises and shall diligently pursue such work to completion. Lessee's failure to timely perform its obligations under this Paragraph shall be considered a material breach of this Lease, and Lessee's obligations under this Paragraph shall continue beyond the expiration or termination hereof. Nothing in this Paragraph shall constitute a waiver of any right of Lessee, including without limitation, the right to receive contribution from any individual or entity responsible for contamination of any part of the Premises.

16.9 Termination. Any instance of non-compliance with Applicable Laws, Permits or the provisions of this Paragraph shall be grounds for immediate termination of this Lease by Chino Valley.

16.10 Indemnification. To the fullest extent permitted by law, Lessee agrees to indemnify, defend and hold Chino Valley harmless for any costs of legally required remediation of environmental contamination and from any claims, demands, actions, suits, proceedings, hearings, investigations, responsibility, liability, orders, injunctions, judgments, fines, damages and losses of any nature whatsoever, arising out of or relating in any way to Lessee's present or future use of, or activities or operations on or at, the Premises, or arising from or relating to any breach of the provisions of this Paragraph. Lessee also agrees to indemnify and hold Chino Valley harmless any costs and expenses incurred in connection therewith, including without limitation, any attorneys' and expert witness fees, investigation, clean up, removal, disposal, remedial, corrective, or mitigating action costs, fines and penalties related in any way to Lessee's use of the Premises. These indemnities shall survive the termination of this Lease.

17. Title and Quiet Enjoyment.

17.1 Chino Valley represents and warrants that (i) it has full right, power, and authority to execute this Lease and (ii) Lessee may peacefully and quietly enjoy the Premises and such access thereto, provided that Lessee is not in default hereunder after notice and expiration of all cure periods.

17.2 Lessee has the right to obtain a title report or commitment for a leasehold title policy from a title insurance company of its choice. If, in the opinion of Lessee, such title

report shows any defects of title or any liens or encumbrances which may adversely affect Lessee's use of the Premises, Lessee shall have the right to terminate this Lease immediately upon written notice to Chino Valley.

18. Waiver of Chino Valley's Lien. Chino Valley hereby waives any and all lien rights it may have, statutory or otherwise concerning the Lessee Facilities or any portion thereof which shall be deemed personal property for the purposes of this Lease, whether or not the same is deemed real or personal property under applicable laws, and Chino Valley gives Lessee and Mortgagees the right to remove all or any portion of the same from time to time, whether before or after a default under this Lease, in Lessee's and/or Mortgagee's sole discretion and without Chino Valley's consent. Any Mortgagee shall contact Chino Valley prior to removal and Chino Valley may require Mortgagee to indemnify Chino Valley for any damages caused to the Premises.

19. Notices. All notices, requests, demands and other communications under this Lease shall be in writing and deemed given if personally delivered or mailed, certified mail, return receipt requested or sent by next-business-day delivery by a nationally recognized overnight carrier to the following addresses:

If to Lessee to:	With a copy to:
Sun State Towers, LLC 1426 North Marvin Street #101 Chino Valley, AZ 85233 Attn: Land Management Telephone: Fax: Email:	Attention: Fax:

If to Chino Valley	With a copy to:
Town Manager Chino Valley Town Hall 202 North State Route 89 Chino Valley, AZ 86323 Telephone: 928-636-2646 Fax: 480-503-6404	Town Attorney Curtis, Goodwin, Sullivan, Udall & Schwab, PLC 501 East Thomas Road Phoenix, AZ 85012 Attention:

Chino Valley or Lessee may from time to time designate any other address for this purpose by written notice to the other party. All notices hereunder shall be deemed received upon actual receipt or refusal to accept delivery.

20. Miscellaneous Provisions.

20.1 Waiver. Failure of Chino Valley to insist on strict performance of any of the conditions, covenants, terms or provisions of this Lease or to exercise any of its rights hereunder shall not waive such rights, but Chino Valley shall have the right to enforce such

rights at any time. The receipt of any sum paid by Lessee to Chino Valley after a breach of this Lease shall not be deemed a waiver of such breach unless expressly set forth in writing.

20.2 Attorney's Fees. The prevailing party in any legal claim arising hereunder shall be entitled to its reasonable attorney's fees and court costs, including appeals, if any.

20.3 Severability. If any provision of the Lease is invalid or unenforceable with respect to any party, the remainder of this Lease or the application of such provision to persons other than those as to whom it is held invalid or unenforceable, shall not be affected and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

20.4 Survival. Terms and conditions of this Lease which by their sense and context survive the termination, cancellation or expiration of this Lease will so survive, including, but not limited to, Paragraphs 10 (Default and Remedies), 11 (Voluntary Termination), 12 (Damage or Destruction of Lessee Facilities), 13 (Condemnation), 14 (Indemnity), 15 (Insurance) and 16 (Regulated/Hazardous Substances; Indemnification).

20.5 Laws of Arizona. This Lease shall be governed under the laws of Arizona, and be binding on and inure to the benefit of the successors and permitted assignees of the respective parties.

20.6 Memorandum of Agreement. A Memorandum of Agreement in the form attached hereto as **Exhibit D** may be recorded by Lessee confirming the (i) effectiveness of this Lease, (ii) expiration date of the Lease Term, (iii) the duration of any Renewal Terms, (iv) and/or other reasonable terms consistent with this Lease.

20.7 Entire Agreement. This Lease constitutes the entire agreement between the parties, and supersedes all understandings, offers, negotiations and other leases concerning the subject matter contained herein. There are no representations or understandings of any kind not set forth herein. Any amendments, modifications or waivers of any of the terms and conditions of this Lease must be in writing and executed by both parties.

21. Conflict of Interest: Chino Valley may cancel this Lease pursuant to A.R.S. § 38-511 (conflict of interest), as may be amended from time to time. In the event Chino Valley elects to exercise its rights thereunder, Chino Valley agrees to immediately give notice thereof to Lessee.

IN WITNESS WHEREOF, the parties have entered into this Lease effective as of the date first above written.

CHINO VALLEY:

LESSEE:

a political subdivision of the
State of Arizona

NAME, a _____
company

By: _____

By: _____

Name: Chris Marley
Title: Mayor

Name: Chad Ward
Title: President

Date: _____

Date: _____

Tax ID: _____

Attest:

Jami Lewis
Town Clerk

Approved as to Form:

Curtis, Goodwin, Sullivan, Udall & Schwab, PLC
Town Attorney

STATE OF ARIZONA)
) ss:
COUNTY OF MARICOPA)

Subscribed and sworn to before me this ____ day of _____, 2015, by Chad A. Ward, President of SunState Towers LLC, an Arizona limited liability company.

Notary Public

My Commission Expires:

EXHIBITS

The following exhibits are attached to this Prime Lease and incorporated into this Prime Lease:

- Exhibit A-1 Description and Depiction of Chino Valley Recreation Center Site (including access easements)
- Exhibit A-2 Description and Depiction of Chino Valley Town Hall Site (including access easements)
- Exhibit B Consideration
- Exhibit C Lessee Facilities
- Exhibit C-1 Additional Conduit to Site
- Exhibit D Memorandum of Lease

EXHIBIT A-1**DESCRIPTION AND DEPICTION OF CHINO VALLEY RECREATION CENTER SITE**

(Including Access Easements)

(Attached)

The Site is described and/or depicted as follows (metes and bounds description):

LEASE AREA LEGAL DESCRIPTION

A PARCEL OF LAND BEING A PORTION OF TRACT 54 AS SHOWN ON THE 1913 G.L.O. SURVEY MAP OF SECTION 14, TOWNSHIP 16 NORTH, RANGE 2 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A FOUND NAIL WITH TAG MARKING THE NORTHWEST CORNER OF SAID TRACT 54 FROM WHICH A FOUND BRASS CAP FLUSH MARKING THE NORTHWEST CORNER OF SAID SECTION 14 BEARS NORTH 00°09'02" EAST, A DISTANCE OF 1321.70 FEET; THENCE SOUTH 00°10'28" WEST, ALONG THE WEST LINE OF SAID TRACT 54, A DISTANCE OF 1116.95 FEET; THENCE NORTH 90°00'00" EAST, A DISTANCE OF 72.47 FEET; THENCE NORTH 36°32'04" EAST, A DISTANCE OF 96.58 FEET TO THE POINT OF BEGINNING; THENCE NORTH 50°04'18" WEST, A DISTANCE OF 44.00 FEET; THENCE NORTH 39°55'42" EAST, A DISTANCE OF 50.00 FEET; THENCE SOUTH 50°04'18" EAST, A DISTANCE OF 50.00 FEET; THENCE SOUTH 39°55'42" WEST, A DISTANCE OF 50.00 FEET; THENCE NORTH 50°04'18" WEST, A DISTANCE OF 6.00 FEET TO THE POINT OF BEGINNING.

ACCESS EASEMENT LEGAL DESCRIPTION

A 12.00 FOOT WIDE STRIP OF LAND BEING A PORTION OF TRACT 54 AS SHOWN ON THE 1913 G.L.O. SURVEY MAP OF SECTION 14, TOWNSHIP 16 NORTH, RANGE 2 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY, ARIZONA, LYING 6.00 FEET ON EITHER SIDE OF THE FOLLOWING DESCRIBED CENTERLINE:

COMMENCING AT A FOUND NAIL WITH TAG MARKING THE NORTHWEST CORNER OF SAID TRACT 54 FROM WHICH A FOUND BRASS CAP FLUSH MARKING THE NORTHWEST CORNER OF SAID SECTION 14 BEARS NORTH 00°09'02" EAST, A DISTANCE OF 1321.70 FEET; THENCE SOUTH 00°10'28" WEST, ALONG THE WEST LINE OF SAID TRACT 54, A DISTANCE OF 1116.95 FEET TO THE POINT OF BEGINNING; THENCE NORTH 90°00'00" EAST, A DISTANCE OF 72.47 FEET; THENCE NORTH 36°32'04" EAST, A DISTANCE OF 96.58 FEET TO THE POINT OF TERMINUS.

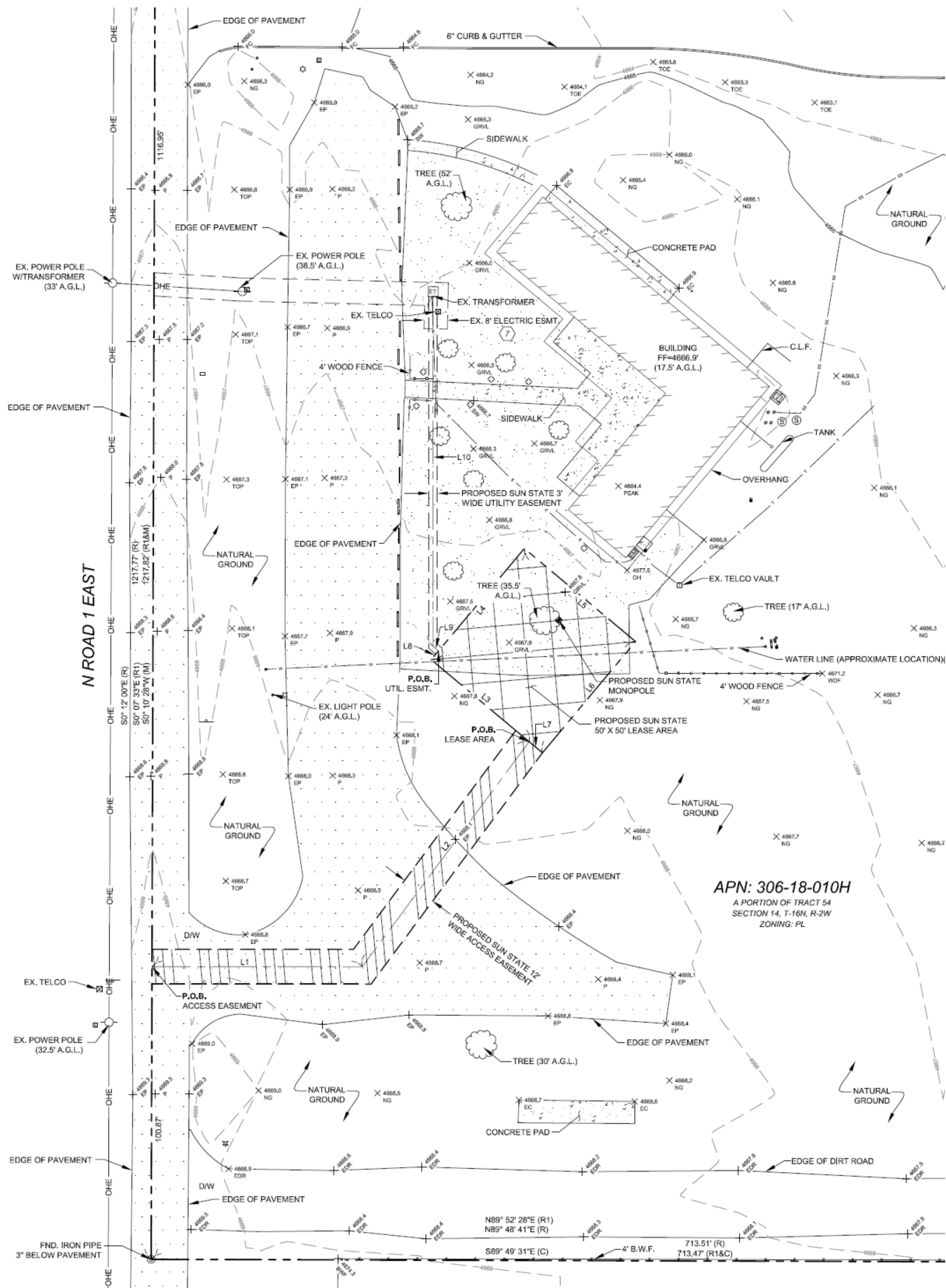
SIDELINES OF SAID EASEMENT SHALL BE LENGTHENED OR SHORTENED RESPECTIVELY IN ORDER TO PROVIDE A CONTIGUOUS EASEMENT THROUGHOUT AND TO TERMINATE UPON THE WEST LINE OF SAID TRACT 54.

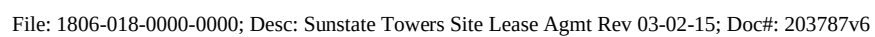
UTILITY EASEMENT LEGAL DESCRIPTION

A 3.00 FOOT WIDE STRIP OF LAND BEING A PORTION OF TRACT 54 AS SHOWN ON THE 1913 G.L.O. SURVEY MAP OF SECTION 14, TOWNSHIP 16 NORTH, RANGE 2 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY, ARIZONA, LYING 1.50 FEET ON EITHER SIDE OF THE FOLLOWING DESCRIBED CENTERLINE:

COMMENCING AT A FOUND NAIL WITH TAG MARKING THE NORTHWEST CORNER OF SAID TRACT 54 FROM WHICH A FOUND BRASS CAP FLUSH MARKING THE NORTHWEST CORNER OF SAID SECTION 14 BEARS NORTH 00°09'02" EAST, A DISTANCE OF 1321.70 FEET; THENCE SOUTH 00°10'28" WEST, ALONG THE WEST LINE OF SAID TRACT 54, A DISTANCE OF 1116.95 FEET; THENCE NORTH 90°00'00" EAST, A DISTANCE OF 72.47 FEET; THENCE NORTH 36°32'04" EAST, A DISTANCE OF 96.58 FEET; THENCE NORTH 50°04'18" WEST, A DISTANCE OF 44.00 FEET; THENCE NORTH 39°55'42" EAST, A DISTANCE OF 3.96 FEET TO THE POINT OF BEGINNING; THENCE NORTH 50°04'18" WEST, A DISTANCE OF 2.49 FEET; THENCE NORTH 00°00'00" EAST, A DISTANCE OF 120.55 FEET TO THE POINT OF TERMINUS.

SIDELINES OF SAID EASEMENT SHALL BE LENGTHENED OR SHORTENED RESPECTIVELY IN ORDER TO PROVIDE A CONTIGUOUS EASEMENT THROUGHOUT.





MAP OF THE PREMISES
CHINO VALLEY RECREATION CENTER
CONTINUED

Notes:

1. Lessee may replace this Exhibit with a survey of the Premises once Lessee receives it.
2. Lessee Facilities shall comply with setback requirements of Chino Valley and any other applicable governmental authorities.
3. The access road's width will be the width required by Chino Valley, including police and fire departments.
4. The locations of any utility easements are illustrative only. The actual locations will be determined by the servicing utility company in compliance with all local laws and regulations.

EXHIBIT A-2

DESCRIPTION AND DEPICTION OF CHINO VALLEY TOWN HALL SITE (Including Access Easements)

The Site is described and/or depicted as follows (metes and bounds description):

LESSOR'S LEGAL DESCRIPTION

THAT PORTION OF THE SOUTHEAST QUARTER OF SECTION 22, TOWNSHIP 16 NORTH, RANGE 2 WEST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, IN THE TOWN OF CHINO VALLEY, COUNTY OF YAVAPAI, STATE OF ARIZONA, DESCRIBED MORE PARTICULARLY AS FOLLOWS:

COMMENCING AT THE SOUTH QUARTER CORNER OF SAID SECTION 22, BEING MARKED BY A 3 INCH DIAMETER BRASS CAP MONUMENT;

THENCE NORTH 02° 17' 59" EAST (BASIS OF BEARINGS FOR THIS DESCRIPTION), (NORTH 01° 50' 50" EAST RECORD) ALONG THE NORTH-SOUTH MID-SECTION LINE OF SAID SECTION 22, A DISTANCE OF 938.43 FEET (938.44 FEET RECORD) TO THE NORTHWEST CORNER OF THE LAND DESCRIBED AS EXCEPTION TRACT B IN DEED TO THE YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT RECORDED IN BOOK 4275, PAGE 94 OF OFFICIAL RECORDS, IN THE OFFICE OF THE RECORDER OF SAID COUNTY, SAID POINT BEING MARKED WITH A ½ INCH DIAMETER REBAR CAPPED LS 12005, AND BEING THE TRUE POINT OF BEGINNING;

THENCE CONTINUING NORTH 02° 17' 59" EAST (NORTH 01° 50' 50" EAST RECORD) ALONG SAID NORTH- SOUTH MID-SECTION LINE, A DISTANCE OF 384.44 FEET (384.42 FEET RECORD) TO THE NORTHWEST CORNER OF THE LAND DESCRIBED IN SAID DEED RECORDED IN BOOK 4275, PAGE 94 OF OFFICIAL RECORDS;

THENCE SOUTH 89° 58' 45" EAST (NORTH 89° 33' 09" EAST RECORD) ALONG THE NORTH LINE OF SAID LAND, A DISTANCE OF 342.52 FEET (342.51 FEET RECORD) TO THE NORTHWEST CORNER OF THE LAND DESCRIBED AS EXCEPTION TRACT C IN SAID DEED, SAID POINT BEING MARKED BY A ½ INCH DIAMETER REBAR CAPPED LS 12005;

THENCE SOUTH 02° 59' 47" WEST (SOUTH 02° 33' 30" WEST RECORD) ALONG THE WEST LINE OF SAID TRACT C, A DISTANCE OF 75.00 FEET TO THE SOUTHWEST CORNER OF SAID TRACT C;

THENCE SOUTH 89° 58' 45" EAST (NORTH 89° 33' 09" EAST RECORD) ALONG THE SOUTH LINE OF SAID TRACT C, A DISTANCE OF 277.23 FEET TO THE WESTERLY RIGHT-OF-WAY OF STATE HIGHWAY 89 AS DESCRIBED IN BOOK 340, PAGE 46 OF OFFICIAL RECORDS OF SAID COUNTY;

THENCE SOUTH 02° 59' 47" WEST (SOUTH 02° 33' 30" WEST RECORD) ALONG SAID RIGHT-OF-WAY, A DISTANCE 308.85 FEET (309.06 FEET RECORD) TO THE SOUTHEAST CORNER OF SAID LAND DESCRIBED IN DEED TO YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT;

THENCE SOUTH 89° 56' 48" WEST (SOUTH 89° 29' 55" WEST RECORD) ALONG THE SOUTH LINE OF SAID LAND, A DISTANCE OF 615.11 FEET (615.16 FEET RECORD) TO THE TRUE POINT OF BEGINNING

DESCRIPTION AND DEPICTION OF CHINO VALLEY TOWN HALL SITE
(Including Access Easements)

The Site is described and/or depicted as follows (metes and bounds description):

LEASE AREA LEGAL DESCRIPTION

A PARCEL OF LAND BEING A PORTION OF THE SOUTHEAST QUARTER OF SECTION 22, TOWNSHIP 16 NORTH, RANGE 2 WEST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, IN THE TOWN OF CHINO VALLEY, COUNTY OF YAVAPAI, STATE OF ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A FOUND BRASS CAP FLUSH MARKING THE SOUTH QUARTER CORNER OF SAID SECTION 22 FROM WHICH A FOUND BRASS CAP FLUSH MARKING THE CENTER QUARTER CORNER OF SAID SECTION 22 BEARS NORTH 02°17'59" EAST, A DISTANCE OF 2645.70 FEET; THENCE NORTH 02°17'59" EAST, ALONG THE NORTH-SOUTH MID-SECTION LINE OF SAID SECTION 22, A DISTANCE OF 938.43 FEET TO THE SOUTHWEST CORNER OF THAT CERTAIN PARCEL OF LAND DESCRIBED IN SPECIAL WARRANTY DEED RECORDED IN BOOK 4671, PAGE 122 OF OFFICIAL RECORDS; THENCE NORTH 89°56'48" EAST, ALONG THE SOUTH LINE OF SAID PARCEL, A DISTANCE OF 354.85 FEET; THENCE NORTH 00°00'00" EAST, A DISTANCE OF 121.67 FEET TO THE POINT OF BEGINNING; THENCE NORTH 60°04'34" WEST, A DISTANCE OF 50.00 FEET; THENCE NORTH 29°55'26" EAST, A DISTANCE OF 50.00 FEET; THENCE SOUTH 60°04'34" EAST, A DISTANCE OF 50.00 FEET; THENCE SOUTH 29°55'26" WEST, A DISTANCE OF 50.00 FEET TO THE POINT OF BEGINNING.

ACCESS EASEMENT LEGAL DESCRIPTION

A 12.00 FOOT WIDE STRIP OF LAND BEING A PORTION OF THE SOUTHEAST QUARTER OF SECTION 22, TOWNSHIP 16 NORTH, RANGE 2 WEST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, IN THE TOWN OF CHINO VALLEY, COUNTY OF YAVAPAI, STATE OF ARIZONA, LYING 6.00 FEET ON EITHER SIDE OF THE FOLLOWING DESCRIBED CENTERLINE:

COMMENCING AT A FOUND BRASS CAP FLUSH MARKING THE SOUTH QUARTER CORNER OF SAID SECTION 22 FROM WHICH A FOUND BRASS CAP FLUSH MARKING THE CENTER QUARTER CORNER OF SAID SECTION 22 BEARS NORTH 02°17'59" EAST, A DISTANCE OF 2645.70 FEET; THENCE NORTH 02°17'59" EAST, ALONG THE NORTH-SOUTH MID-SECTION LINE OF SAID SECTION 22, A DISTANCE OF 938.43 FEET TO THE SOUTHWEST CORNER OF THAT CERTAIN PARCEL OF LAND DESCRIBED IN SPECIAL WARRANTY DEED RECORDED IN BOOK 4671, PAGE 122 OF OFFICIAL RECORDS; THENCE NORTH 89°56'48" EAST, ALONG THE SOUTH LINE OF SAID PARCEL, A DISTANCE OF 615.11 FEET TO THE SOUTHEAST CORNER OF SAID PARCEL; THENCE NORTH 02°59'47" EAST, ALONG THE EAST LINE OF SAID PARCEL, A DISTANCE OF 292.77 FEET TO THE POINT OF BEGINNING; THENCE SOUTH 89°46'27" WEST, A DISTANCE OF 273.19 FEET; THENCE SOUTH 29°36'38" WEST, A DISTANCE OF 155.50 FEET; THENCE SOUTH 59°57'23" EAST, A DISTANCE OF 31.11 FEET TO THE POINT OF BEGINNING.

SIDELINES OF SAID EASEMENT SHALL BE LENGTHENED OR SHORTENED RESPECTIVELY IN ORDER TO PROVIDE A CONTIGUOUS EASEMENT THROUGHOUT AND TO TERMINATE UPON THE EAST LINE OF THAT CERTAIN PARCEL OF LAND DESCRIBED IN SPECIAL WARRANTY DEED RECORDED IN BOOK 4671, PAGE 122 OF OFFICIAL RECORDS.

UTILITY EASEMENT LEGAL DESCRIPTION

A 3.00 FOOT WIDE STRIP OF LAND BEING A PORTION OF THE SOUTHEAST QUARTER OF SECTION 22, TOWNSHIP 16 NORTH, RANGE 2 WEST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, IN THE TOWN OF CHINO VALLEY, COUNTY OF YAVAPAI, STATE OF ARIZONA, LYING 1.50 FEET ON EITHER SIDE OF THE FOLLOWING DESCRIBED CENTERLINE:

COMMENCING AT A FOUND BRASS CAP FLUSH MARKING THE SOUTH QUARTER CORNER OF SAID SECTION 22 FROM WHICH A FOUND BRASS CAP FLUSH MARKING THE CENTER QUARTER CORNER OF SAID SECTION 22 BEARS NORTH 02°17'59" EAST, A DISTANCE OF 2645.70 FEET; THENCE NORTH 02°17'59" EAST, ALONG THE NORTH-SOUTH MID-SECTION LINE OF SAID SECTION 22, A DISTANCE OF 938.43 FEET TO THE SOUTHWEST CORNER OF THAT CERTAIN PARCEL OF LAND DESCRIBED IN SPECIAL WARRANTY DEED RECORDED IN BOOK 4671, PAGE 122 OF OFFICIAL RECORDS; THENCE NORTH 89°56'48" EAST, ALONG THE SOUTH LINE OF SAID PARCEL, A DISTANCE OF 354.85 FEET; THENCE NORTH 00°00'00" EAST, A DISTANCE OF 121.67; THENCE NORTH 29°55'26" EAST, A DISTANCE OF 4.69 FEET TO THE POINT OF BEGINNING; THENCE SOUTH 63°12'12" EAST, A DISTANCE OF 179.60 FEET TO A POINT HERON REFERRED TO AS POINT "A"; THENCE CONTINUING SOUTH 63°12'12" EAST, A DISTANCE OF 98.78 FEET TO A POINT ON THE SOUTH LINE OF SAID PARCEL OF LAND AND TO THE POINT OF TERMINUS.

ALSO, BEGINNING AT SAID POINT "A"; THENCE NORTH 25°28'08" EAST, A DISTANCE OF 138.28 FEET; THENCE NORTH 60°12'28" WEST, A DISTANCE OF 22.73 FEET TO THE POINT OF TERMINUS.

SIDELINES OF SAID EASEMENT SHALL BE LENGTHENED OR SHORTENED RESPECTIVELY IN ORDER TO PROVIDE A CONTIGUOUS EASEMENT THROUGHOUT AND TO TERMINATE UPON THE SOUTH LINE OF THAT CERTAIN PARCEL OF LAND DESCRIBED IN SPECIAL WARRANTY DEED RECORDED IN BOOK 4671, PAGE 122 OF OFFICIAL RECORDS.

MAP OF THE PREMISES

The Premises are depicted as follows:

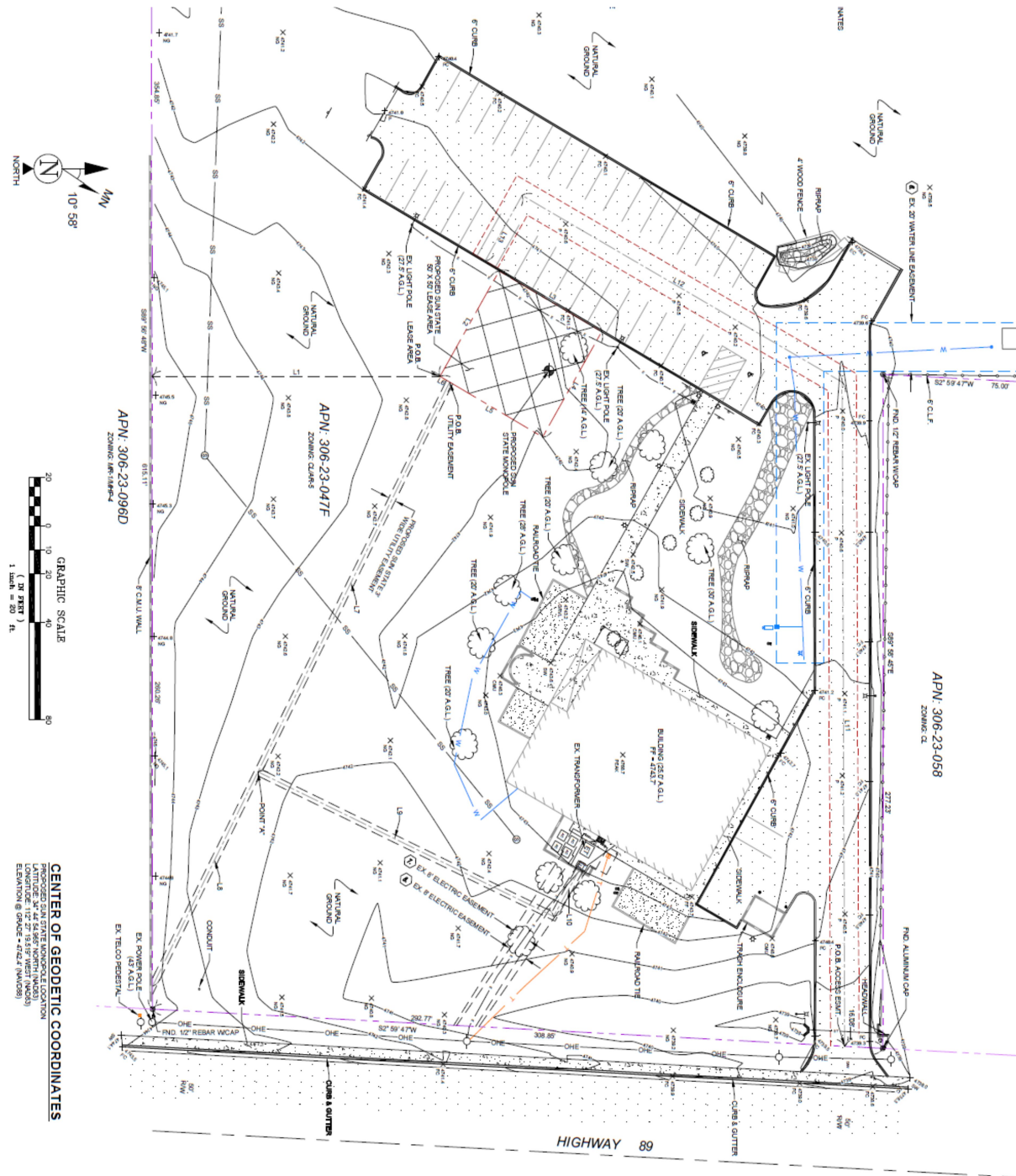


EXHIBIT A-2

MAP OF THE PREMISES Continued

Notes:

1. Lessee may replace this Exhibit with a survey of the Premises once Lessee receives it.
2. Lessee Facilities shall comply with setback requirements of Chino Valley and any other applicable governmental authorities.
3. The access road's width will be the width required by Chino Valley, including police and fire departments.
4. The locations of any utility easements are illustrative only. The actual locations will be determined by the servicing utility company in compliance with all local laws and regulations.

EXHIBIT B**CONSIDERATION FOR LEASE**

Lessee shall construct and install the following facilities:

1. 100 foot Cell Tower at Recreation Center Site:
 - a. Sun State^{*} will construct the tower;
 - b. Sun State will own tower (See Lessee Facilities);
 - c. Sun State^{*} will install and align Town dish at 80-foot centerline on cell tower to communicate with Town dish at Library for Town's computer network communications;
 - d. Sun State will install required conduit/cabling for dishes at cell site (external to Recreation Center building).
2. Small tower (at least 80') and dishes at Chino Valley Library Site on Voss Drive:
 - a. Sun State^{*} will construct the lattice structure;
 - b. Sun State will install and align two Town dishes at the 80-foot centerline to coordinate and communicate with Town dishes at Recreation Center and Town Hall Sites.
 - c. Sun State will install required conduit/cabling for dishes at the cell site (external to the Library building);
 - d. Caisson design for lattice structure to be provided by Town;
 - e. Tower shall be owned by Town.
3. 100 foot Cell Tower at Town Hall Site:
 - a. Sun State^{*} will construct the tower.
 - b. Sun State will own the tower (See Lessee Facilities);
 - c. Sun State^{*} will install and align Town dish at the 80-foot centerline on cell tower to communicate with Town dish at Library for Town's computer network communications.
 - d. Sun State will install required conduit/cabling for dishes at cell site (external to Town Hall building).

* Construction of the towers and other facilities and installation and alignment of the Town's dishes may be done by Pinnacle Consulting, an affiliate of Sun State. All construction shall be at no charge to the Town. Town will supply materials for the construction. Design of the caisson for the lattice structure shall be provided by the Town.

EXHIBIT C

LESSEE FACILITIES

[ATTACH DESCRIPTION OF LESSEE FACILITIES]

1. 100 foot cell tower at Recreation Center Site with equipment cabinet(s) and related accessories.
2. 100 foot cell tower at Town Hall Site with equipment cabinet(s) and related accessories.

EXHIBIT C-1

ADDITIONAL CONDUIT TO SITE

[ATTACH SPECIFICATIONS FOR ADDITIONAL CONDUIT TO THE SITE]

EXHIBIT D

MEMORANDUM OF LEASE

[See following pages]

When Recorded Return To:

SunState Towers, LLC
 1426 North Marvin Street #101
 Gilbert, AZ 85233

Site # _____

Site Name: _____

Cross Reference: Book: _____; Pg: _____

Memorandum of Lease Agreement

THIS MEMORANDUM OF AGREEMENT (“Memorandum”) is executed this ____ day of _____, 2014 by and between Town of Chino Valley, an Arizona municipal corporation, with a mailing address of 202 North Highway 89, Chino Valley, AZ 86323 (“Chino Valley”) and SunState Towers LLC, a Arizona limited liability company, with a mailing address of 1426 North Marvin Street #101, Chino Valley, AZ 85233 (“Lessee”).

1. Chino Valley and Lessee entered into a Wireless Communications Site Lease (“Lease”) effective _____, 201_ (“Effective Date”).

2. The Lease relates to a certain Site owned by Chino Valley described as set forth in **Exhibits A-1 and A-2** and necessary access and utility easements (collectively referred to hereafter as the “**Premises**”), attached hereto and incorporated by reference

3. The Lease allows Lessee to conduct investigations and tests to determine if the Premises are appropriate for installing, operating and maintaining a wireless communications facility and other improvements during a specified Due Diligence Period.

4. The Lease allows Lessee to lease the Premises for a twenty-five (25) year term, with a provision for renewal for up to five (5) additional five-year terms.

5. This Memorandum is solely for the purpose of memorializing the Lease and is not a complete summary of the terms and conditions contained in the Lease. This Memorandum shall not serve to change or alter any terms or conditions of the Lease.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have executed this Memorandum as of the date first set forth above.

CHINO VALLEY:

Town of Chino Valley, an
Arizona municipal corporation

By: _____
Chris Marley, Mayor

Date: _____

ATTEST:

Jami Lewis
Town Clerk

LESSEE:

SunState Towers LLC, an Arizona limited
liability company

By: _____
Chad A. Ward, President

Date: _____

STATE OF ARIZONA)
) ss:
COUNTY OF MARICOPA)

Subscribed and sworn to before me this ____ day of _____, 2014, by Chad A. Ward, President of SunState Towers LLC, an Arizona limited liability company.

Notary Public

My Commission Expires:

EXHIBIT A-1 TO MEMORANDUM OF LEASE

CHINO VALLEY RECREATION CENTER SITE

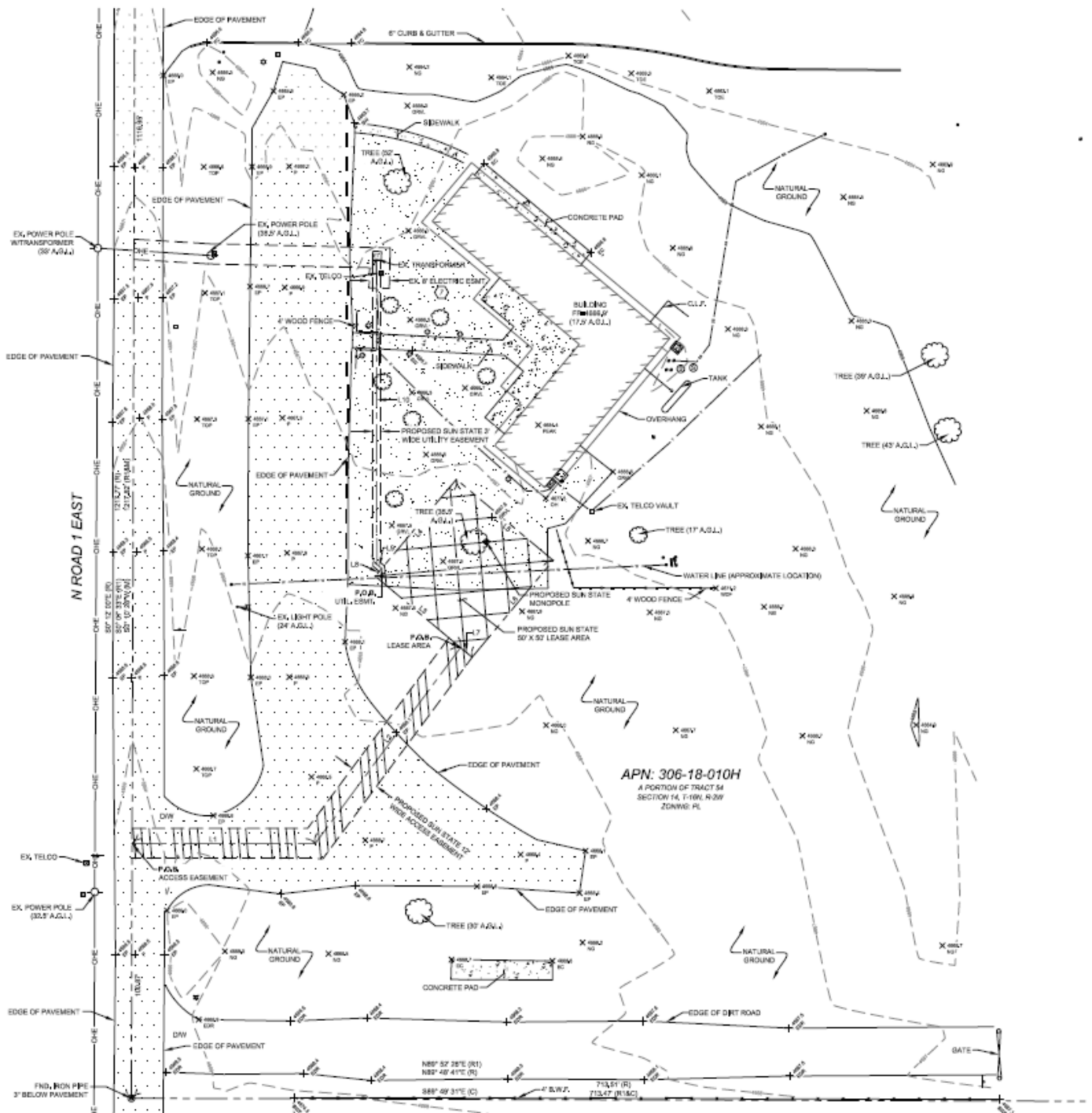


EXHIBIT A-1 TO MEMORANDUM OF LEASE
CHINO VALLEY RECREATION CENTER SITE
LEGAL DESCRIPTIONS

LESSOR'S LEGAL DESCRIPTION

BEGINNING AT THE NORTHWEST CORNER OF TRACT 54 AS SHOWN ON THE 1913 G.L.O. SURVEY MAP OF SECTION 14, TOWNSHIP 16 NORTH, RANGE 2 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY, ARIZONA.

THENCE SOUTH 00 DEGREES 12 MINUTES 00 SECONDS EAST, ALONG THE WEST LINE OF SAID TRACT 54, A DISTANCE OF 1217.77 FEET;

THENCE NORTH 89 DEGREES 48 MINUTES 41 SECONDS EAST, A DISTANCE OF 713.51 FEET;

THENCE NORTH 00 DEGREES 19 MINUTES 18 SECONDS WEST, A DISTANCE OF 1217.06 FEET TO A POINT ON THE NORTH LINE OF SAID TRACT 54;
THENCE SOUTH 89 DEGREES 52 MINUTES 07 SECONDS WEST, ALONG SAID NORTH LINE, A DISTANCE OF 710.92 FEET TO THE TRUE POINT OF BEGINNING,

LEASE AREA LEGAL DESCRIPTION

A PARCEL OF LAND BEING A PORTION OF TRACT 54 AS SHOWN ON THE 1913 G.L.O. SURVEY MAP OF SECTION 14, TOWNSHIP 16 NORTH, RANGE 2 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A FOUND NAIL WITH TAG MARKING THE NORTHWEST CORNER OF SAID TRACT 54 FROM WHICH A FOUND BRASS CAP FLUSH MARKING THE NORTHWEST CORNER OF SAID SECTION 14 BEARS NORTH 00°09'02" EAST, A DISTANCE OF 1321.70 FEET; THENCE SOUTH 00°10'28" WEST, ALONG THE WEST LINE OF SAID TRACT 54, A DISTANCE OF 1116.95 FEET; THENCE NORTH 90°00'00" EAST, A DISTANCE OF 72.47 FEET; THENCE NORTH 36°32'04" EAST, A DISTANCE OF 96.58 FEET TO THE POINT OF BEGINNING; THENCE NORTH 50°04'18" WEST, A DISTANCE OF 44.00 FEET; THENCE NORTH 39°55'42" EAST, A DISTANCE OF 50.00 FEET; THENCE SOUTH 50°04'18" EAST, A DISTANCE OF 50.00 FEET; THENCE SOUTH 39°55'42" WEST, A DISTANCE OF 50.00 FEET; THENCE NORTH 50°04'18" WEST, A DISTANCE OF 6.00 FEET TO THE POINT OF BEGINNING.

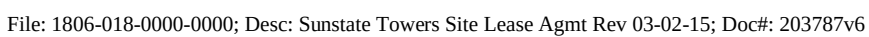


EXHIBIT A-2 TO MEMORANDUM OF LEASE

CHINO VALLEY TOWN HALL SITE LEGAL DESCRIPTIONS

LESSOR'S LEGAL DESCRIPTION

THAT PORTION OF THE SOUTHEAST QUARTER OF SECTION 22, TOWNSHIP 16 NORTH, RANGE 2 WEST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, IN THE TOWN OF CHINO VALLEY, COUNTY OF YAVAPAI, STATE OF ARIZONA, DESCRIBED MORE PARTICULARLY AS FOLLOWS:

COMMENCING AT THE SOUTH QUARTER CORNER OF SAID SECTION 22, BEING MARKED BY A 3 INCH DIAMETER BRASS CAP MONUMENT;

THENCE NORTH 02° 17' 59" EAST (BASIS OF BEARINGS FOR THIS DESCRIPTION), (NORTH 01° 50' 50" EAST RECORD) ALONG THE NORTH-SOUTH MID-SECTION LINE OF SAID SECTION 22, A DISTANCE OF 938.43 FEET (938.44 FEET RECORD) TO THE NORTHWEST CORNER OF THE LAND DESCRIBED AS EXCEPTION TRACT B IN DEED TO THE YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT RECORDED IN BOOK 4275, PAGE 94 OF OFFICIAL RECORDS, IN THE OFFICE OF THE RECORDER OF SAID COUNTY, SAID POINT BEING MARKED WITH A ½ INCH DIAMETER REBAR CAPPED LS 12005, AND BEING THE TRUE POINT OF BEGINNING;

THENCE CONTINUING NORTH 02° 17' 59" EAST (NORTH 01° 50' 50" EAST RECORD) ALONG SAID NORTH- SOUTH MID-SECTION LINE, A DISTANCE OF 384.44 FEET (384.42 FEET RECORD) TO THE NORTHWEST CORNER OF THE LAND DESCRIBED IN SAID DEED RECORDED IN BOOK 4275, PAGE 94 OF OFFICIAL RECORDS;

THENCE SOUTH 89° 58' 45" EAST (NORTH 89° 33' 09" EAST RECORD) ALONG THE NORTH LINE OF SAID LAND, A DISTANCE OF 342.52 FEET (342.51 FEET RECORD) TO THE NORTHWEST CORNER OF THE LAND DESCRIBED AS EXCEPTION TRACT C IN SAID DEED, SAID POINT BEING MARKED BY A ½ INCH DIAMETER REBAR CAPPED LS 12005;

THENCE SOUTH 02° 59' 47" WEST (SOUTH 02° 33' 30" WEST RECORD) ALONG THE WEST LINE OF SAID TRACT C, A DISTANCE OF 75.00 FEET TO THE SOUTHWEST CORNER OF SAID TRACT C;

THENCE SOUTH 89° 58' 45" EAST (NORTH 89° 33' 09" EAST RECORD) ALONG THE SOUTH LINE OF SAID TRACT C, A DISTANCE OF 277.23 FEET TO THE WESTERLY RIGHT-OF-WAY OF STATE HIGHWAY 89 AS DESCRIBED IN BOOK 340, PAGE 46 OF OFFICIAL RECORDS OF SAID COUNTY;

THENCE SOUTH 02° 59' 47" WEST (SOUTH 02° 33' 30" WEST RECORD) ALONG SAID RIGHT-OF-WAY, A DISTANCE 308.85 FEET (309.06 FEET RECORD) TO THE SOUTHEAST CORNER OF SAID LAND DESCRIBED IN DEED TO YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT;

THENCE SOUTH 89° 56' 48" WEST (SOUTH 89° 29' 55" WEST RECORD) ALONG THE SOUTH LINE OF SAID LAND, A DISTANCE OF 615.11 FEET (615.16 FEET RECORD) TO THE TRUE POINT OF BEGINNING

LEASE AREA LEGAL DESCRIPTION

A PARCEL OF LAND BEING A PORTION OF THE SOUTHEAST QUARTER OF SECTION 22, TOWNSHIP 16 NORTH, RANGE 2 WEST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, IN THE TOWN OF CHINO VALLEY, COUNTY OF YAVAPAI, STATE OF ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A FOUND BRASS CAP FLUSH MARKING THE SOUTH QUARTER CORNER OF SAID SECTION 22 FROM WHICH A FOUND BRASS CAP FLUSH MARKING THE CENTER QUARTER CORNER OF SAID SECTION 22 BEARS NORTH 02°17'59" EAST, A DISTANCE OF 2645.70 FEET; THENCE NORTH 02°17'59" EAST, ALONG THE NORTH-SOUTH MID-SECTION LINE OF SAID SECTION 22, A DISTANCE OF 938.43 FEET TO THE SOUTHWEST CORNER OF THAT CERTAIN PARCEL OF LAND DESCRIBED IN SPECIAL WARRANTY DEED RECORDED IN BOOK 4671, PAGE 122 OF OFFICIAL RECORDS; THENCE NORTH 89°56'48" EAST, ALONG THE SOUTH LINE OF SAID PARCEL, A DISTANCE OF 354.85 FEET; THENCE NORTH 00°00'00" EAST, A DISTANCE OF 121.67 FEET TO THE POINT OF BEGINNING; THENCE NORTH 60°04'34" WEST, A DISTANCE OF 50.00 FEET; THENCE NORTH 29°55'26" EAST, A DISTANCE OF 50.00 FEET; THENCE SOUTH 60°04'34" EAST, A DISTANCE OF 50.00 FEET; THENCE SOUTH 29°55'26" WEST, A DISTANCE OF 50.00 FEET TO THE POINT OF BEGINNING.



TOWN OF CHINO VALLEY COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting

Item No. 7. e.

Meeting Date: 03/10/2015
Contact Person: Joe Duffy, Finance Director
 Phone: 928-636-2646 x-1211
Department: Finance
Item Type: Action Item
Estimated length of staff presentation: 5 minutes
Physical location of item: n/a

AGENDA ITEM TITLE:

Consideration and possible action to select Henry & Horne, LLP as the Town's Audit firm, as recommended by the Finance Committee, to perform Professional Audit Services for the Fiscal Years Ending June 30, 2015 through June 30, 2017.

RECOMMENDED ACTION:

Select and approve Henry & Horne, LLP to be the Town's Audit Firm to perform Professional Audit Services for the Fiscal Years Ending June 30, 2015 through June 30, 2017.

SITUATION AND ANALYSIS:

Issue Statement

The Town of Chino Valley's Financial Policies require the Finance Department to issue a request for Professional Audit Services every five years. The Request was issued on December 17, 2014 after review of the Finance Committee. Six audit firms responded to the RFP. The Finance Committee reviewed and scored the responses from each firm and recommended the Town select Henry & Horne, LLP.

Applicable "Policy"

Town Financial Policies per Resolution No. 13-1010.

Satisfaction of "Policy"

This action satisfies the Policy.

Summary of Issues and Staff Rationale

Findings of Fact

Fiscal Impact

Fiscal Impact?: yes

If Yes, Budget Code: 01-46-5212

Available: \$101,755

Funding Source:

The Town will budget the annual amount for each of the three fiscal years in the Finance Departments Budget .

Attachments

Audit Firms

Henry & Horne

Henry and Horne Engagement Letter

Town of Chino Valley Audit RFP Evaluation							
January 29, 2015							
Firm Name	Colby & Powell, PLC 1535 W Harvard Ave. Ste. 101 Gilbert, Az 85233	Heinfield Meech & Co., PC 10120 N Oracle Rd Tucson, Az 85704	Henry & Horne, LLP 1115 E. Cottonwood Lane, Suite 100 Case Grande, Az 85122	Hinton Burdick, CPAs & Advisors 63 South 300 East #100 St. George, UT 84770	LarsonAllen, LLP 20 E Thomas Road, Suite 2300 Phoenix, Az 85012	Lumbard & Associates P.L.L.C. 4143 North 12th Street, Suite 100 Phoenix, Arizona 85014	
Evaluation Criteria							
Mandatory Elements (Maximum Points 25)							
The audit firm is independent and licensed to practice in the state of Arizona.							
The firm has no conflict of interest with regard to any other work performed by the firm for the Town of Chino Valley.							
The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.							
TOTAL MANDATORY ELEMENTS	68	69	73	48*	68	65	
Technical Qualifications: (Maximum Points - 50)							
Expertise and Experience							
The firm's past experience and performance on comparable government engagements.							
The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.							
Audit Approach							
Adequacy of proposed staffing plan for various segments of the engagement							
Adequacy of sampling techniques							
Adequacy of analytical procedures							
TOTAL TECHNICAL QUALIFICATIONS	78	115	121	81*	123	117	
Price: (Maximum Points - 25)							
Total Fiscal Year 2014-2015	\$ 26,500	\$ 28,550	\$ 32,555	\$ 28,000	\$ 33,000	\$ 31,670	
Total Fiscal Year 2015-16	\$ 27,000	\$ 33,750	\$ 36,100	\$ 29,750	\$ 36,735	\$ 34,165	
Total Fiscal Year 2016-17	\$ 29,500	\$ 30,550	\$ 33,100	\$ 27,750	\$ 34,670	\$ 32,050	
TOTAL PRICE	\$ 83,000	\$ 92,850	\$ 101,755	\$ 85,500	\$ 104,405	\$ 97,885	
TOTAL POINTS	146	184	194	129*	191	182	
* Hinton Burdick, CPA's not rated by all three members							



TOWN OF CHINO VALLEY

PROPOSAL TO PROVIDE AUDIT SERVICES

(Firm and irrevocable for 30 days from date signed.)

MASTER COPY

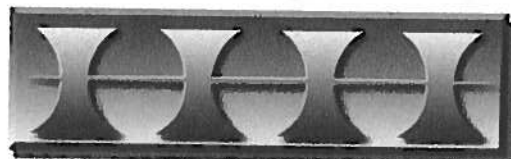
Henry & Horne, LLP
Marilyn Mays, CPA
MarilynM@hhcpa.com
2055 E Warner Rd, Suite 101
Tempe, AZ 85284
(480) 839-4900

January 21, 2015



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HENRY & HORNE, LLP
Certified Public Accountants

LETTER OF TRANSMITTAL

January 21, 2015

Audit Committee
Town of Chino Valley
202 North State Route 89
Chino Valley, Arizona 86323

Dear Audit Committee,

The undersigned, Henry & Horne, LLP, hereby submits its response to your Request for Proposal.

UNDERSTANDING OF THE WORK TO BE DONE

It is our understanding the Town of Chino Valley requires a qualified CPA firm to express an opinion on the fair presentation of its financial statements for the fiscal year ending June 30, 2015, with the option of auditing its financial statements for each of the four subsequent fiscal years. These audits are to be performed in accordance with auditing principles generally accepted in the United States of America.

COMMITMENT

Henry & Horne, LLP is committed to perform and complete the work for fiscal years ending June 30, 2015, 2016, 2017, 2018 and 2019 for the Town of Chino Valley.

BEST QUALIFIED

Henry & Horne, LLP has been providing professional services to the government industry since its inception in 1957. We do not just provide these services as "filler work," instead we have a dedicated team of professionals who work exclusively with our government clientele. With this experience and dedication, your engagement team will have a good understanding of what your organization is about.

FIRM AND IRREVOCABLE

This proposal is firm and irrevocable for 30 days from the date the proposal is signed.

If you have any questions, call Marilyn Mays at (480) 839-4900.

Sincerely,

Henry & Horne, LLP

CLIENT TESTIMONIALS

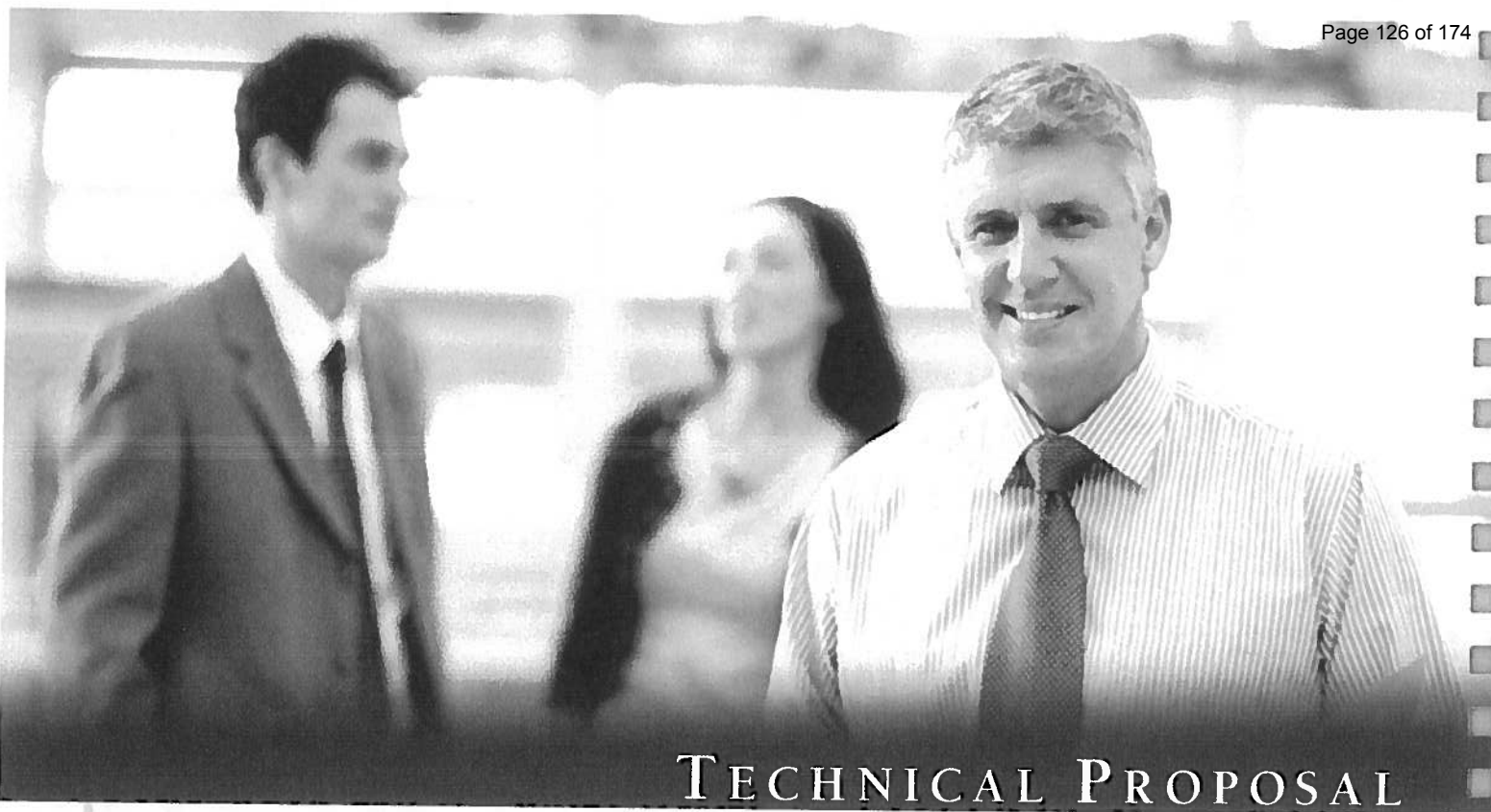
We believe the most important measure of our success is the satisfaction of our clients. We know that we are accomplishing our goal of providing exceptional client service on a daily basis when we receive comments like these from our clients.

"The timeliness and high level of expertise of the Henry & Horne staff was critical to the City of Goodyear being able to meet its statutory requirements."

Larry Lange, Finance Director
City of Goodyear

"Recommendations made by Henry & Horne have allowed our organization to grow and operate in a more efficient manner. Our audit team evaluates our performance in a professional, respectful and thorough manner."

Becki Guilin, Finance Director
Town of Florence



TECHNICAL PROPOSAL

INDEPENDENCE

Henry & Horne, LLP currently has no business, investment or family relationships with the Town of Chino Valley. As such, Henry & Horne, LLP is independent of the Town of Chino Valley as defined by generally accepted auditing standards as set forth in the United States General Accounting Office's Government Auditing Standards 2011 (revised). If Henry & Horne, LLP shall enter into any professional relationships during the period of this engagement the firm will give the Town of Chino Valley written notice.

LICENSE TO PRACTICE IN ARIZONA

Henry & Horne, LLP and all key professional staff to be assigned to the Town of Chino Valley's audits are properly licensed by the Arizona State Board of Accountancy to practice public accounting in the State of Arizona.

FIRM QUALIFICATIONS AND EXPERIENCE

We are currently the largest, locally owned and managed accounting and consulting firm in Arizona. We have 112 employees in three (3) offices located throughout Arizona as follows:

Tempe
2055 E. Warner Road, Suite 101
Tempe, AZ 85284
(480) 839-4900

Scottsdale
7098 E. Cochise Road, Suite 100
Scottsdale, AZ 85253
(480) 483-1170

Casa Grande
1115 E. Cottonwood, Suite 100
Casa Grande, AZ 85122
(520) 836-8201

Henry & Horne, LLP has a dedicated government niche with 15 team members who work exclusively on government clients and receive customized continuing professional education in these areas. With such a large group of industry specific team members they complete, at a minimum, more than 1,100 hours of continuing professional education every two years. This means your team members will have the knowledge to be proficient in your audit.

**Our government
audit team
averages over 10
years of experience
per person.**

Our locations are geographically centrally located in Arizona, which allows us to operate as one firm-wide audit department. The close proximity of our offices enables us to utilize all resources from our three locations. This provides our clients with the best level of services and talent available. The Henry & Horne, LLP team has fourteen (14) partners, one (1) principal, seven (7) partner emeritus, four (4) senior managers, seven (7) directors, fourteen (14) managers, fifteen (15) supervisors, twelve (12) seniors, seventeen (17) staff accountants and twenty-one (21) other professionals.

Henry & Horne, LLP expects to use two (2) professionals on a full time basis and three (3) professionals on a part-time basis. The full time professionals will include one (1) senior auditor and one (1) staff auditor. The part-time professionals will include two (2) partners and one (1) supervisor.

Henry & Horne, LLP is not a joint venture or consortium.

Henry & Horne, LLP's most recent quality control review was completed in August 2013, and the firm again received an unqualified opinion, the highest level possible, as to compliance with membership standards. This quality control review included governmental engagements.

Henry & Horne's most recent peer review report can be found in Appendix A.

Henry & Horne, LLP has had no federal or state desk reviews or field reviews of its audits during the past three (3) years. There has been no disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

The 411

Henry & Horne, LLP



Arizona's Largest Locally Owned
Accounting Firm

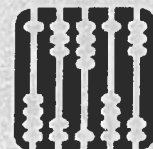
1957
FOUNDED

On the strength of a handshake,
Marvin Henry & Gail Horne
merged their practices to create
Henry & Horne, PLC.



120⁺
PROFESSIONALS

63
CPAS



14
PARTNERS

10⁺
SERVICES

- Audit & Accounting
- Business Valuation & Litigation
- Cost Segregation
- Employee Benefit Plan Audits
- Estate, Gift & Trust
- International Tax
- Real Estate Appraisal
- Research & Development
- Tax Consulting & Compliance
- Wealth Management
- Plus more!

- Dealership
- Government
- Not-for-Profit
- Restaurant
- Plus more!

4⁺

INDUSTRIES

3

LOCATIONS

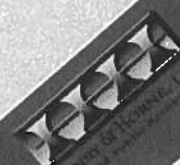


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FIRM



**WE
ARE
SOCIAL**





QUALIFICATIONS

PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE

The audit team for the Town of Chino Valley consists entirely of high level, experienced personnel. We do not believe in sending inexperienced or staff level accountants to work on behalf of our audit clients.

Part of Henry & Horne, LLP's commitment to providing the Town of Chino Valley with top-quality service includes assigning the most competent audit professionals to the job. The team members have performed numerous engagements and have more than 56 years combined experience in governmental accounting.

Our experts are members of local and national organizations, with access to extensive resources around the state. We use those resources to stay current on the latest changes to the school district finance world, which means our clients stay current as well.

Marilyn Mays will be the partner ultimately responsible for all aspects of Henry & Horne, LLP's services for the Town of Chino Valley. Marilyn will oversee the audit and will be assigning the work to the in-charge person for each segment. You will find Marilyn on site 50% of the time and the supervisor/senior and staff accountants will be on site during fieldwork 100% of the time and will not be assigned another job during this timeframe. This allows efficiency to you (the client) as our team members will be able to get in and get out. During the five-year contract, we will not change the partner-in-charge or the senior. We have a history of low turnover, as our turnover rate for our auditors is 8%; well below the industry average of 27%. With the low turnover, it allows for our in-charge people to not change from year to year.

The in-charge auditor is the individual who will be the primary client services coordinator for the audit. The in-charge auditor is on site 100% of the time. He will supervise the work in the field, manage the day-to-day activities and issues related to the audit, oversee the reporting process and ensure that all work is performed in compliance with the required standards and on a timely basis.

**We do not send
inexperienced,
out-of-college auditors
to your audit.**

The in-charge auditor is the individual who will be the primary client services coordinator for the audit. The in-charge auditor is on site 100% of the time. He will supervise the work in the field, manage the day-to-day activities and issues related to the audit, oversee the reporting process and ensure that all work is performed in compliance with the required standards and on a timely basis.

Chuck Goodmiller will ensure compliance with our firm's quality control. Resumes, including relevant experience and continuing education, may be found in Appendix B.

The roles and responsibilities for each team member on your engagement are as follows.

Audit Team	Title	Role	Experience
Marilyn Mays, CPA, CGMA	Government Partner	Lead Engagement Partner	24+ Years
Chuck Goodmiller, CPA, CGMA	Co-Managing Partner	Engagement & Quality Control Review Partner	23+ Years
Jeffery Patterson, CPA, MBA	Supervisor	Engagement-in-Charge	9+ Years

Roles and Responsibilities

Lead Engagement Partner

- Ensures accurate, timely and efficient audit procedures
- Staffs job with quality audit professionals
- Reviews audit in its entirety for a level of assurance that is of the utmost quality

Engagement & Quality Control Review Partner

- Trains audit team professionals
- Evaluates team members to ensure audit process is done correctly and professionally
- Reviews audit as part of our quality control assurance

Engagement-in-Charge

- Coordinates audit from start to finish
- Oversees complex auditing
- Ensures job is progressing at a reasonable pace
- Reviews audit for technical quality

We understand our clients' concerns about continuity of staff on your engagements. While no firm can guarantee 100% staff continuity, we do have a track record of exceptionally low turnover. Our partners are extremely loyal to Henry & Horne, LLP. Currently, average length of service among our 14 partners is 17 years. Our Managing Partner's have been with us for a combined 41 years.

If there is a change, for any reason, in firm specialists in regards to your engagement Henry & Horne, LLP will express this in writing to the Town of Chino Valley as it is the Town of Chino Valley's right to approve or reject the replacements. If there is a change in other audit personnel we will provide replacements with the same or better qualifications or experience.

All professionals who will be associated with any audits meet or exceed the continuing education requirements of the Government Auditing Standards and the Single Audit Act which state that auditors responsible for planning, directing, conducting, reporting on government audits should complete, every 2 years, at least 80 hours of continuing education and training which contributes to the auditor's professional proficiency; at least 24 of the 80 hours should be in subjects directly related to the government and not-for-profit environment and to government and not-for-profit auditing.

The senior team members on your engagement have acquired a total of 867.5 CPE hours since January 1, 2012. Of those hours 42% are government related.

Senior members of our government team have acquired the following CPE requirements: Government Accounting, Reporting and Auditing Update; Statements on Auditing Standards No. 99; Advanced Government Financial Reporting; Fraud in the Governmental and Not-For-Profit Environment; and Emerging GASB Pronouncements: What You Need To Know.

PRIOR ENGAGEMENTS WITH THE TOWN OF CHINO VALLEY

Henry & Horne, LLP has no prior engagements with the Town of Chino Valley within the last five years.

FIRM EXPERIENCE

Henry & Horne, LLP has been serving the governmental accounting industry since the firm was founded in 1957. Our group of industry specific experts has more than 83 combined years of experience providing audit and other professional accounting services to government entities including school districts, special districts, tribal governments and state and local governments. The Town of Chino Valley's auditors will have the knowledge and proficiency needed to produce quality results. Our team members complete at a minimum 80 hours of Continuing Professional Education every two years, often exceeding the Yellow Book requirements with more than 100 hours.

On the Forefront of the Governmental Accounting Industry

- Our experts are members of the American Institute of Certified Public Accountants (AICPA), Arizona Society of Certified Public Accountants (ASCPA), Government Finance Officers Association (GFOA), Government Finance Officers Association of Arizona (GFOAz) and the Arizona Association of School Business Officials (AASBO).
- Marilyn Mays, Brian Hemmerle and Jeffery Patterson currently serve as reviewers for the GFOA award program.
- Chuck Goodmiller and Marilyn Mays hold the designations of Chartered Global Management Accountant, which gives our professional services access to additional resources including research, tools and a global network, powered by the resources and expertise of AICPA and CIMA.
- Marilyn Mays currently serves as a Board Member of the Pueblo Grand Museum Auxiliary.
- Chuck Goodmiller is a Board Member of the Banner Casa Grande Medical Center and Banner Casa Grande Hospital Foundation, and he serves as Board Treasurer of the Casa Grande Rotary Scholarship Foundation.
- Our team members write articles for the Henry & Horne, LLP blogs and e-Newsletters, and their work is often cited in other accounting publications.
- Henry & Horne, LLP is a member of the AICPA Government Audit Quality Center (GAQC).

Standing Out from the Competition

Henry & Horne, LLP is Arizona's largest locally owned accounting firm. We've been working with the government industry since our inception in 1957; however, our niche was established back in 1984. That means we are not a CPA firm with a recent interest in government. We have loyally served government entities in Arizona for decades and will continue to serve many more for years to come.

- **We combine the knowledge and expertise of a premier professional accounting firm with the personal attention of a local CPA, meaning unmatched service to you.** Our government partners and professionals will work side by side with the Town of Chino Valley from start to finish of the audit. Henry & Horne, LLP believes in a one-way work flow process, meaning as our team members are conducting field work they will be in constant contact with Town of Chino Valley personnel gathering all pertinent information. This means faster audit results for the City, as well as the elimination of any last minute requests for information. We will follow-through with the Town of Chino Valley throughout the entire audit process while working to produce timely and quality results.
- **Auditors you know and trust.** Our firm is dedicated to retaining industry specific experts in our government niche. We strive to hire the cream of the crop and help them to develop and succeed professionally in order to better serve you. Our turnover rate is 8%; much lower than the industry average of 26%. Henry & Horne, LLP offers our team members more than just a paycheck. We offer them a firm where they enjoy coming to work and want to stay, providing a team you are familiar working with year after year. As our team members stay on with the firm and gain expertise and knowledge, they are able to provide efficient and quality work.
- **More than just audit results.** Henry & Horne, LLP will give the Town of Chino Valley more than just audit results. We customize our program to the Town of Chino Valley's needs. As our professionals conduct field work, they are doing more than just looking for compliance. Our staff applies critical thinking to the Town of Chino Valley's situation. We do walk-throughs and risk assessment and then we brainstorm. Where can something go wrong? Is the Town of Chino Valley vulnerable to fraud? We bring these questions to the table and discuss them with the City to help us better address any problem areas moving forward. We don't just hand over our results and consider our job done. We work with the Town of Chino Valley and train personnel to implement a plan for improvements.
- **Commitment to the government industry.** We go above and beyond serving the government industry by doing more than providing audit services. We strive to keep our clients abreast of changes that impact their operations and procedures, as well as staying ahead of problems that could pop up down the road, such as fraud. We provide complimentary CPE every quarter and you are invited!

The quality of Henry & Horne, LLP's audit work is evidenced by the following:

All past federal and state desk reviews of governmental type audits have resulted in acceptance of all reports. These reports were prepared in compliance with generally accepted auditing standards, the Standards for Audits of Governmental Organizations issued by the U.S. Governmental General Accounting Office, and the Single Audit Act and amendments by the Office of Management and Budget (OMB) Circular A-128 and A-133.

Our governmental audit service team averages over ten years of experience per person.

All governmental entities audited by our firm that have submitted their financial statements to the Government Finance Officers Association (GFOA) have received the Certificate of Achievement for Excellence in Financial Reporting. This certificate is awarded by the GFOA, a national organization whose goal is to provide practical guidance to accounting and auditing professionals serving state and local governments.

All firm professionals working on governmental engagements meet the professional qualification requirements for governmental audits.

SIMILAR ENGAGEMENTS

Henry & Horne, LLP professionals are experienced with governments. The lead partner on your engagement has more than 20 years of experience providing professional services to the government industry. Below is a list of references of current clients that you are able to contact. You are not limited to the below list for references.

City of Goodyear

Contact: Larry Lange, Finance Director
 Scope of Work: Audit
 Date: Past
 Engagement Partner: Marilyn Mays
 Total Hours: 500
 Client Phone: (623) 882-7898

City of Avondale

Contact: Kevin Artz, Finance Director
 Scope of Work: Audit
 Date: Current
 Engagement Partner: Marilyn Mays
 Total Hours: 450
 Client Phone: (623) 333-2000

City of Casa Grande

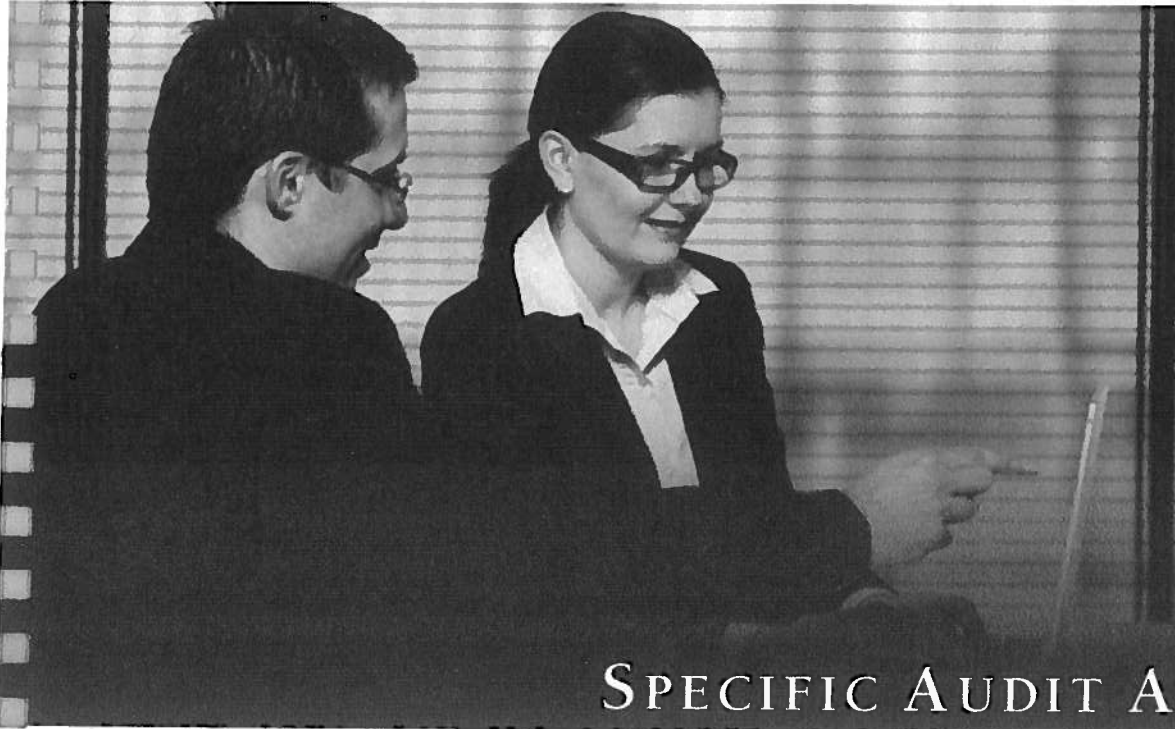
Contact: Doug Sandstrom, Finance Director
 Scope of Work: Audit
 Date: Current
 Engagement Partner: Charles Goodmiller
 Total Hours: 350
 Client Phone: (520) 421-8600

Town of Florence

Contact: Michael Farina, Finance Director
 Scope of Work: Audit
 Date: Current
 Engagement Partner: Marilyn Mays
 Total Hours: 250
 Client Phone: (520) 868-7505

Town of Dewey Humbolt

Contact: Yvonne Kimball, Town Manager
 Scope of Work: Audit
 Date: Current
 Engagement Partner: Marilyn Mays
 Total Hours: 120
 Client Phone: (928) 632-7362



SPECIFIC AUDIT APPROACH

Henry & Horne, LLP believes an audit is a necessary and valuable tool to help the Town function efficiently and successfully. It is more than just identifying what is working and what is not in order to be compliant. Our audit team will take an in-depth look at the Town's needs to formulate a plan that will help to not only streamline financial reporting procedures and recordkeeping, but also improve operations, identify areas vulnerable to fraud and more.

A simple transition. We realize changing accounting firms is a decision with major impact on the Town. But, with the challenge of adjusting to change comes the opportunity to cultivate a new and beneficial working relationship that brings value to all of the parties involved. Through our workflow and audit process, we strive to make the transition as smooth and effective as possible for the Town.

Your time is valuable. Running an organization is an enormous task. That's why your auditors will maintain constant communication with the Town. We will follow through on every step of the audit to minimize the amount of time key Town personnel need to take out of their already busy schedules when responding to requests for information or attending necessary meetings.

An experienced team. We do not send inexperienced, out-of-college auditors to your audit. The team of experts assigned to the Town boasts more than 60 years combined experience serving the governmental accounting industry. Our turnover rate at Henry & Horne, LLP is nearly 20% lower than the industry average, ensuring a qualified audit team. Our professionals have the years of hands-on experience and knowledge to meet and possibly exceed the Town's expectations in the audit process and results.

Faster, better quality results. Your auditors will work to address any issues and problems that may arise during fieldwork as they come up. This ensures not only faster audit results, but better quality results because new ideas and solutions are fresh on the team's mind. We also issue the single audit reports at the same time as your financial statements, not months later.

A plan tailored to your needs. At Henry & Horne, LLP we believe that an audit is more than just a one size fits all commodity to be purchased from the lowest bidder. We will put together a plan that is customized to fit the specific needs of the Town.

We are here for you. We will welcome and foster a relationship of open communication with the Town. Your auditors are there to help, so we encourage Town personnel to meet with them, discuss concerns and ask questions. We work for you and we want to make your job simple.

PROPOSED SEGMENTATION OF THE ENGAGEMENT

Based off the information we have gathered, we put together the following proposed segmentation of the audit. It includes the Preliminary Segment, Fieldwork Segment and the Conclusion.

Preliminary Segment	
<i>Performed in June</i>	- Entrance conference – Henry & Horne, LLP personnel will meet with the Town of Chino Valley key personnel to discuss issues relating to the audit and work to be performed. - Henry & Horne, LLP will provide an engagement letter to the Town of Chino Valley. - Henry & Horne, LLP will provide a list of schedules to be prepared by the Town of Chino Valley and a list of documents needed during the audit. - Henry & Horne, LLP will provide the Town of Chino Valley with a detailed audit plan and audit confirmation letters. - Henry & Horne, LLP will schedule preliminary audit and fieldwork dates. Preliminary work includes review of internal control and operating procedures for preparation of internal control memos. - Review prior period audit work papers.
Fieldwork Segment	
<i>Performed September through October</i>	- An entrance conference will be conducted at the beginning of fieldwork. - Fieldwork will include audit procedures in significant areas, such as journal entry testing, cash and investments, receivables, payables, payroll, debt, capital assets, fund balances, revenues, expenditures and subsequent reviews. - An exit conference will conclude fieldwork. The audit team and the Town of Chino Valley key personnel will meet to summarize the results of fieldwork, review any finding and discuss unresolved issues. Preliminary recommendations, suggestions and revisions will be made.
Conclusion	
<i>Performed in November</i>	Henry & Horne, LLP will have final partner reviews on the Town of Chino Valley's financial statements and the audit or reports as outlined in the RFP will be issued.

LEVEL OF STAFF AND NUMBER OF HOURS

In the table below, you will see the level of staff and number of hours that will be assigned to each proposed segment of the engagement.

Audit Approach	Partner	Supervisor / Senior	Staff	Total
Preliminary Segment				
Audit Setup and Organization	0	0	6	6
Develop Audit Programs	2	5	0	7
Perform Risk Assessment/Assessment of Internal Controls	3	8	8	19
Preliminary Analytical Procedures	0	5	0	5
Staff Planning & Discussion-Specific Procedures	4	4	4	12
Materiality & Major Fund Determination	0	0	2	2
Fieldwork Segment				
Substantive audit procedures will be used throughout the specific audit areas. Audit procedures include confirmations, ratio analysis, budget and prior year balance comparisons, test of details, sampling from account populations, analytical procedures and disclosure requirements.				
Cash & Investments	1	2	3	6
Receivables	1	2	6	9
Other Assets	0	0	2	2
Capital Assets	1	8	0	9
Accounts Payable/Deposits	1	0	4	5
Accrued Liabilities/Interest	0	0	2	2
Unearned Revenues/Deferred Revenues	0	0	2	2
Long-term Liabilities	1	8	0	9
Equity	0	0	3	3
Revenues	2	8	8	18
Expenditures	2	8	8	18
Other Compliance	1	5	5	11
Compliance-Single Audit Procedures-Data Collection Submission	5	9	12	26
Compile CAFR	2	5	25	32
Conclusion Segment				
CAFR Review with Disclosure Checklist	10	15	15	40
Letter-required Communication - management recommendations	2	2	0	4
Total	38	94	115	247

STATISTICAL SAMPLING

It is difficult to determine the extent to which sampling is to be used in the engagement before the planning process takes place. In general, we will use sampling in our tests of transactions, compliance and certain areas involving substantive tests, such as accounts payable. Sample sizes vary from entity to entity, and we do not have enough information to determine sample size at this time.

EDP SOFTWARE

The method and analysis of all electronic data processes are critical to any audit in today's environment for both the auditor and the client. Henry & Horne, LLP's audit software allows us to provide timely and cost effective reporting and communication to our clients. The software uses Excel and Word programs to prepare financial statements and work paper documentation, thus allowing us to request and exchange information with you on a "user friendly" basis. We have clients who have obtained a license for the software at a minimal fee in order to prepare financial statements in house. These clients have been very impressed with the effectiveness of the software and the efficiencies gained by implementing this system. They have found it makes CAFR preparation much more streamlined.

The Town's electronic data processing (EDP) will be evaluated during the audit due to the system's relationship with financial reporting through accounting transactions and recording. The EDP system will be evaluated and documented through a series of inquiries, questionnaires and observations. After acquiring an understanding of the internal control structure and the processing of data, audit procedures will be applied to evaluate the integrity of the system.

Henry & Horne, LLP recognizes the importance of information technology and uses technology to enhance our productivity and efficiency in the audit process. Through the use of one of the leading paperless software programs for audits, we are able to download and analyze your financial data in order to effectively plan and perform the audit.

Our use of data analysis software (IDEA and Monarch) gives us the ability to analyze, sort, extrapolate and compare your information with prior years, projected results and industry standards. By making use of this software, we are able to provide extra value to our clients by performing high level analysis and unpredictable tests. An example of this is the ability to compare HR records to vendor records to help analyze whether employees have set themselves up as false vendors in order to misappropriate funds.

ANALYTICAL PROCEDURES

Generally accepted auditing standards require that analytical procedures be used in audit planning and in the overall review stage of the audit. In the planning stage, analytical procedures will be used to identify unusual changes in account balances. Comparisons will be made between the (a) current year and prior year's activity and (b) current year's activity and budget. In the overall review stage, analytical procedures will be designed to assist the auditor in assessing that (a) all significant fluctuations and other unusual items have been adequately explained and (b) the overall financial statement presentation makes sense based on the audit results and the auditor's knowledge of the Town of Chino Valley. Other analytical procedures may be developed when deemed necessary in the audit process. It is our policy to take an analytical approach to every test we perform. In other words, we do not just churn out audit program testing and checklists. We look for appropriate relationships and develop expectations for every audit area and significant account balance. This is a benefit of having an experienced audit team.

INTERNAL CONTROL STRUCTURE

Accounting standards require auditors to obtain a sufficient understanding of internal control to plan the audit and to determine the nature, timing, and extent of tests to be performed. An understanding of the Town of Chino Valley's internal control will be gained through extensive questionnaires and observations. Our procedures have been professionally developed and comply with auditing standards generally accepted in the United States. We will compare information gained through inquiries and observations to the Town of Chino Valley's policies. We will also include fraud testing in order to comply with auditing standards. When deemed necessary, a management letter will be issued regarding significant deficiencies, material weaknesses and other management comments. A significant deficiency is a control deficiency, or combinations of control deficiencies, that adversely affects the Town of Chino Valley's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Chino Valley's financial statements is more than inconsequential will not be prevented or detected by the Town of Chino Valley's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented, or detected, by the Town of Chino Valley's internal control.

LAWS AND REGULATIONS

During the course of our audit we will request certain items such as grant documents, contracts, leases, debt covenants, etc. and make inquiries of management in order to determine any laws and regulations which would be specific to the Town of Chino Valley. We will also make any appropriate inquiries that may arise during our audit procedures relating to compliance. Of course, we will expect corroboration related to any answers made to our inquiries.

AUDIT SAMPLES

Audit sampling can be performed on account balances, transaction classes or for test of compliance in any audit area. The level of sampling depends upon the account balance or compliance requirement. Sample sizes can range between 5 and 60 selected items depending on auditor requirements and judgment.

IDENTIFICATION OF ANTICIPATED POTENTIAL AUDIT PROBLEMS

We do not anticipate any audit problems. However, if we encounter any problems, it is our policy to immediately discuss these problems with management and to agree to a course of action before proceeding.

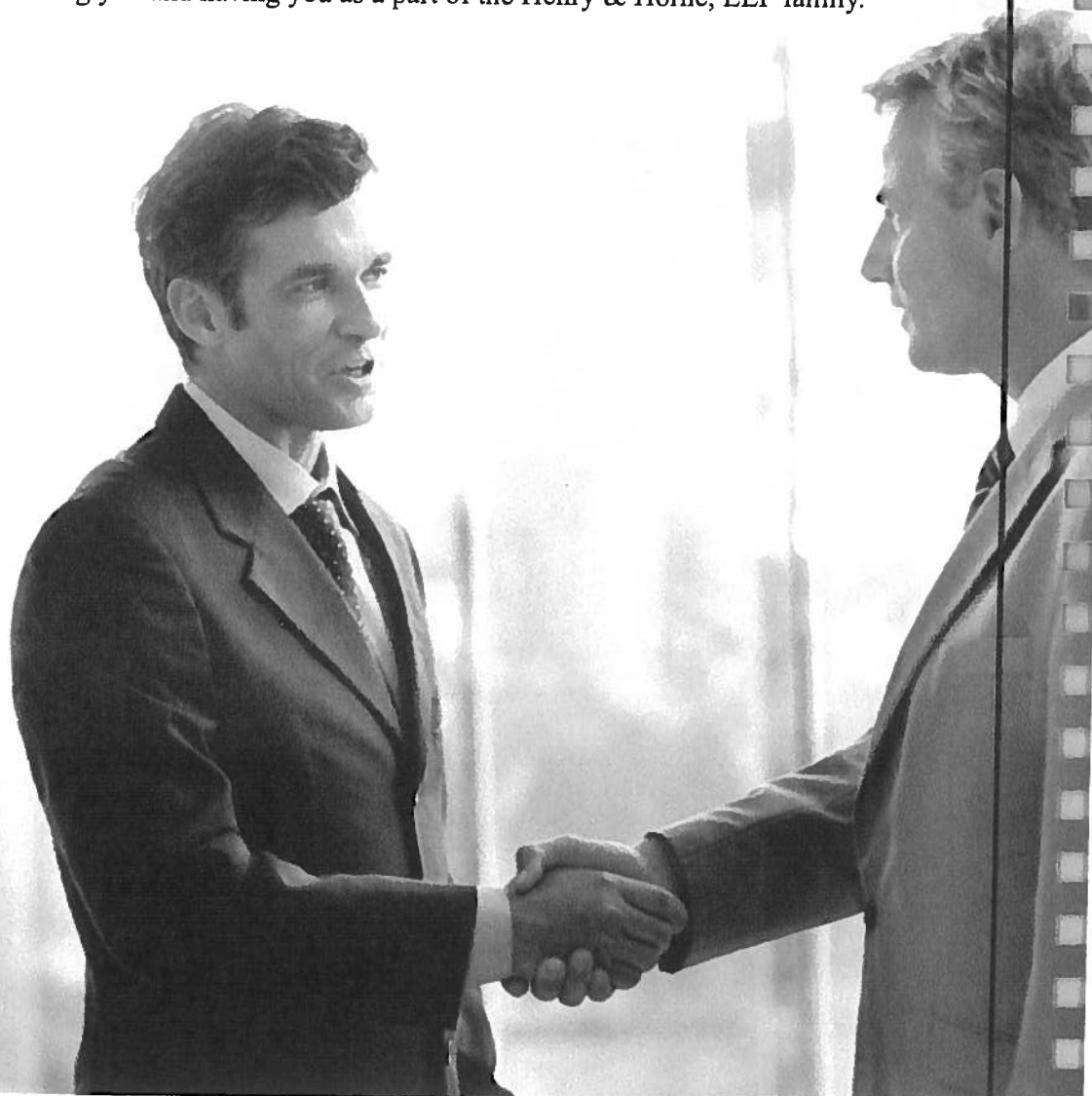
CONCLUSION

Thank you for your consideration of Henry & Horne, LLP as a provider of professional services. We hope we have addressed your needs and captured what your organization is all about.

We are excited about the possibility of our two organizations working together. We are similar in our philosophies, our willingness to provide exceptional service, and our desire to do the right thing for those that we work with, our customers and the community.

We would be honored to have the Town of Chino Valley as a client and if selected, we will exceed your expectations. We are confident we can provide you with a level of service that is unparalleled to anything your organization has experienced.

We look forward to serving you and having you as a part of the Henry & Horne, LLP family.



Appendix A - Peer Review



System Review Report

August 8, 2013

To the Partners of Henry & Horne, LLP
and the Peer Review Committee of the
California Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Henry & Horne, LLP (the firm) in effect for the year ended May 31, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/PRSummary.

As required by standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Henry & Horne, LLP in effect for the year ended May 31, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Henry & Horne, LLP has received a peer review rating of *pass*.

RW Group, LLC

Appendix B - Bios



**Marilyn Mays, CPA,
CGMA**

Audit Partner

Governmental Services

Phone: (480) 839-4900

Fax: (480) 839-4664

E-mail: marilynm@hhcpa.com

Marilyn Mays, CPA, CGMA

Areas of Expertise

Marilyn has extensive, hands-on experience with governmental finance. Prior to joining Henry & Horne, LLP in 2002, she was with the Finance Department of the City of Casa Grande for 12 years. While there she was responsible for the annual financial reports, a staff of six finance professionals, and the daily activities of the Finance Department, including bank reconciliations, year-end closing and preparation for auditors, and preparation of financial statements.

Professional Certifications

- Certified Public Accountant- Arizona

Education

- Northern Arizona University (B.S. in Accountancy)

Affiliations

- American Institute of Certified Public Accountants
- Arizona Society of Certified Public Accountants
- Governmental Finance Officers Association
- Pueblo Grande Museum Auxiliary Board (Board Member)
- Special Review Committee Member for Governmental Finance Officers Association

Employment History

- 2002 – present Henry & Horne, LLP
- 1990 – 2002 City of Casa Grande
- 1986 – 1990 Maine Consolidated School District
- 1980 – 1986 Ashton Trucking Company

Continuing Professional Education

- 2013 AICPA National Governmental Accounting & Auditing Update Conference
- 2013 GAQC Required Annual Update
- 2013 OMB Compliance Supplement and Proposed Single Audit Reforms
- A-133 Single Audits
- Arizona Ethics Update
- Auditing Update
- CPE Network Accounting & Auditing Report
- GAAP Update
- GFOAz Winter Conference
- Government Accounting Conference
- How to Avoid Common Audit Quality Issues
- Improve Your Understanding of Sampling in a Single Audit Environment



**Chuck Goodmiller, CPA,
CGMA**

Co-Managing Partner
Partner-in-Charge of
Governmental Services

Phone: (520) 836-8201

Fax: (520) 426-9432

E-mail: chuckg@hhcpa.com

Charles (Chuck) H. Goodmiller, CPA, CGMA

Areas of Expertise

Chuck is Co-Managing Partner of Henry & Horne, LLP and serves on the firm's Executive Committee and Audit and Accounting Committee. Chuck specializes in providing his clients with professional and personalized service. He provides detailed knowledge of the procedures for audits, reviews and compilations. His extensive experience includes specialty areas such as audits of federally funded entities including municipalities, Native American Indian entities, not-for-profit organizations and special districts. He also has a great amount of experience with dealerships, financial institutions, retail and wholesale, and manufacturing and construction.

Professional Certifications

- Certified Public Accountant- Arizona

Education

- Arizona State University (B.S. in Accounting)

Affiliations

- American Institute of Certified Public Accountants
- Arizona Society of Certified Public Accountants
- Casa Grande Rotary Scholarship Foundation (Board Treasurer)
- Casa Grande Regional Hospital Foundation (Board Member)
- Government Finance Officers Association
- Rotary International in the Casa Grande Club
- Seeds of Hope, Inc. (Past Board Treasurer)

Employment History

- 1991 – present Henry & Horne, LLP

Continuing Professional Education

- Arizona Ethics Update
- Audit and Accounting Updates
- Employee Benefit Plan Update
- GAAP Update
- Internal Control Over Compliance
- Performing a Single Audit
- Schedule of Expenditures of Federal Awards
- Single Audit: Assembling Components of the A-133 Reporting Package
- Single Audit: Evaluating and Reporting Finding
- Single Audit: Fundamentals and Updates
- Single Audit: Sampling Illustrations and Techniques
- The New Group Audits SAS
- Yellow Book Update



**Jeffery Patterson, CPA,
MBA**

Audit Supervisor
Governmental Services
Phone: (520) 836-8201
Fax: (520) 426-9432
E-mail: jeffp@hhcpa.com

Jeffery Patterson, CPA, MBA

Jeffery's primary focus is auditing government and non-profit entities as well as performing compilations and reviews. Prior to joining Henry & Horne, Jeffery was a Senior Accountant for Heinfeld, Meech & Co., P.C. where he specialized in governmental financial and compliance audits of municipalities, school districts, grant schools and state entities. Jeffery has performed audits for governmental and non-profit clients including school districts, charter schools, grant schools, cities, towns, counties, and state agencies.

Education

- University of Phoenix (B.S. in Accountancy)
- Utah State University (MBA in Accounting)

Affiliations

- American Institute of Certified Public Accountants
- Arizona Association of School Business Officials
- Arizona Society of Certified Public Accountants
- Reviewer for Association of School Board Officials International (ASBO)

Employment History

- 2011 – present Henry & Horne, LLP
- 2009 – 2011 Heinfeld, Meech & Co., P.C.
- 2005 – 2009 Cronstrom, Osuch and Co. now CliftonLarsonAllen, LLP

Continuing Professional Education

- 2013 AASBO Summer Conference
- 2013 GAQC Required Annual Update
- 2013 GFOAz Summer Conference
- 2013 OMB Compliance Supplement and Proposed Single Audit Reforms
- A-133 Identifying Federal Assistance & Determining Major Programs
- Annual Governmental Accounting Conference
- Arizona Ethics Update
- Audit: Start to Finish
- Auditing Update
- CPE Network Accounting & Auditing Report
- GAAP Update
- How to Avoid Common Audit Quality Issues
- Improve Your Understanding of Sampling in a Single Audit Environment
- Quality Single Audits: What Auditees Should Know
- School USFR Compliance Audit Readiness
- Single Audit & Yellow Book Deficiencies
- Understanding the CAFR

Appendix C - Sample Reports

APPENDIX C
TO BE SUBMITTED IN A SEPARATE SEALED ENVELOPE

SCHEDULE OF SEALED DOLLAR COST BID PROFESSIONAL FEES

FOR THE AUDIT OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

COMBINING SCHEDULE - ALL SERVICES

Firm Name Henry & Horne, LLP

Nature of Service to be Provided	Fiscal Year 2014-2015	Fiscal Year 2015-2016	Fiscal Year 2016-2017
Audit Financial Statements	\$25,155	\$25,200	\$25,700
Preparation of Comprehensive Annual Financial Report	3,900	3,900	3,900
Single Audit (If required)	3,500	3,500	3,500
Municipal Court MAS Compliance		3,500	
Total All Inclusive Maximum Price	\$32,555	\$36,100	\$33,100

	Estimated Hours	Standard Hourly Rate	Quoted Hourly Rate
Partners	38	\$225	\$225
Managers	94	145	145
Supervisory staff			
Staff	115	110	110
Other(specify)			
Total for FY 2014- 2015 Audit	247		



 Authorized Signature

Date 1/21/15

APPENDIX 11D

Report on Financial Statements Issued in Accordance with *Government Auditing Standards* or in a Single Audit

INDEPENDENT AUDITOR'S REPORT^a

To the City Council^b
City of X, State Y

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information^c of City of X, State Y,^d as of and for the year ended June 30, 20X1, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.^e

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.^f Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information^g of the City of X, State Y, as of June 30, 20X1, and the respective changes in financial position, and, where applicable, cash flows^h thereofⁱ for the year then ended in accordance with accounting principles generally accepted in the United States of America.^j

Other Matters

Required Supplementary Information^k

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages X-X and XX-XX be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about

the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information^l

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of X, State Y's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards^m are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sectionsⁿ have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*^o

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 20X1, on our consideration of the City of X, State Y's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of X, State Y's internal control over financial reporting and compliance.^p

Firm's signature

City, State
August 15, 20X1

Notes

^a Authority—Adapted from *Chapter 4, Appendix A, Example 4-1 of the GAS/A-133 AICPA Audit Guide* (link) . This example illustrates an auditor's standard report on the financial statements of a state or local governmental unit issued in accordance with *Government Auditing Standards* or in a Single Audit.

The Yellow Book does not prohibit a governmental unit from issuing separate financial statements for purposes other than complying with *Government Auditing Standards*, such as for the purpose of issuing bonds. In such cases, the Yellow Book does not require the auditor's report to specifically cite *Government Auditing Standards* or refer to the report on internal control and compliance. See Appendix 11A-1 for an example of such a report.

^b The report is normally addressed to the individual or group who retained the auditor, usually the legislative authority of the governmental unit; for example, the city council, school board, or county commission. Some auditors do this by referring to *members* of the governing body (for example, "The Honorable Members of the City Council" or "The Board of Trustees of the [Name of] School District") and they may also include the chief legislative officer in the address (for example, "Honorable Mayor and Members of the City Council" or "The President and Members of the Board of Education of the [Name of] School District").

APPENDIX 11D

(Continued)

^c The financial statements are identified at the opinion unit level. This listing should be modified if the financial statements do not contain all of the possible opinion units. If the auditor elects to combine the "aggregate discretely presented component units" with the "aggregate remaining fund information" into a single opinion unit, those terms should be deleted and replaced with "aggregate discretely presented component unit and remaining fund information." See the discussion on opinion units in section 1101 .

It is generally not necessary to list each individual major fund by name. However, if the financial statements do not clearly indicate the major funds, "each major fund" should be replaced with the individual major fund names. The reference to the table of contents should be deleted if the financial statements are not listed there. The table of contents reference could be replaced by referring to the page numbers that display the financial statements.

^d If the governmental unit is a component unit of another government, this fact should be disclosed in the financial statements of the component unit. The first sentence in the first paragraph of the auditor's report should be replaced with the following:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of [Name of Governmental Entity] , component unit of [Name of Primary Government] , as of and for the year ended [Date] , and the related notes to the financial statements, which collectively comprise the [Describe governmental entity, for example, City, County, District, etc.] 's basic financial statements as listed in the table of contents.

^e The financial statements are identified at the opinion unit level. This listing should be modified if the financial statements do not contain all of the possible opinion units. If the auditor elects to combine the "aggregate discretely presented component units" with the "aggregate remaining fund information" into a single opinion unit, those terms should be deleted and replaced with "aggregate discretely presented component unit and remaining fund information." See the discussion on opinion units in section 1101 .

It is generally not necessary to list each individual major fund by name. However, if the financial statements do not clearly indicate the major funds, "each major fund" should be replaced with the individual major fund names. The reference to the table of contents should be deleted if the financial statements are not listed there. The table of contents reference could be replaced by referring to the page numbers that display the financial statements.

^f The report for an audit performed in accordance with the Yellow Book or OMB Circular A-133 refers to the financial audit standards in *Government Auditing Standards* as well as to generally accepted auditing standards. The reference to financial audit standards is made to distinguish them from the attestation and performance audit standards, which are also contained in *Government Auditing Standards*.

Paragraphs 4.74 and 4.75 of the GAS/A-133 AICPA Audit Guide (link) state that, in some cases, the audit of a material component unit or fund is not required to be and is not performed in accordance with *Government Auditing Standards* even though the audit of the reporting entity is required to be performed in accordance with *Government Auditing Standards*. In those instances, the following should be added as the third sentence of this paragraph:

The financial statements of [Name of Fund or Component Unit] were not audited in accordance with *Government Auditing Standards*.

According to *footnote 36 to Paragraph 4.75 of the GAS/A-133 AICPA Audit Guide* (link) , if it is not apparent from the financial statements to which opinion unit the component unit or fund relates, the auditor ought to consider identifying the opinion unit in addition to the name of the component unit or fund.

^g The financial statements are identified at the opinion unit level. This listing should be modified if the financial statements do not contain all of the possible opinion units. If the auditor elects to combine the "aggregate discretely presented component units" with the "aggregate remaining fund information" into a single opinion unit,

those terms should be deleted and replaced with “aggregate discretely presented component unit and remaining fund information.” See the discussion on opinion units in section 1101 .

It is generally not necessary to list each individual major fund by name. However, if the financial statements do not clearly indicate the major funds, “each major fund” should be replaced with the individual major fund names. The reference to the table of contents should be deleted if the financial statements are not listed there. The table of contents reference could be replaced by referring to the page numbers that display the financial statements.

^h The reference to cash flows in the opinion paragraph would be deleted if no cash flow statements are presented, that is, there are no proprietary funds. If all of the funds present cash flow statements, the phrase “where applicable” would be deleted.

ⁱ If the governmental unit elects to present the required budgetary comparison information as a basic financial statement instead of as required supplementary information, the following phrase should be added to the last sentence of the opinion paragraph: “and the respective budgetary comparison for the General Fund and the [Identify the major special revenue fund(s).] .”

^j AU-C 708.08 requires an emphases-of-matter paragraph to follow the *Opinions* paragraph in the auditor's report if a change in accounting principles has a material effect on the comparability of the financial statements. The following is an example of a paragraph that may be added after the *Opinions* paragraph for a change in accounting principle resulting from the adoption of a new accounting pronouncement:

Change in Accounting Principle

As described in Note X to the financial statements, in 20X1, the City adopted new accounting guidance, *GASB Statement No. 65, Items Previously Reported as Assets and Liabilities* (link) .
Our opinion is not modified with respect to this matter.

^k The reporting requirements for RSI are discussed in section 1104 of this *Guide*. The RSI listing should be tailored for each engagement. For example, the reference to budgetary comparison information should be deleted if it is included as a basic financial statement. This paragraph illustrates a situation in which RSI is included, the auditor has applied the specified procedures, and no material departures from prescribed guidelines have been identified. If all of the RSI is omitted, this paragraph would be replaced with the following:

Management has omitted [Identify the omitted RSI.] that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

The notes to Appendix 11A-1 illustrate report wording for situations in which there are material departures from prescribed guidelines, specified procedures not completed, or there are unresolved doubts about whether the RSI is in accordance with prescribed guidelines.

^l This section of the report includes the reporting on supplementary information (SI) when the auditor is engaged to provide an “in-relation-to” opinion on SI and also when the auditor is disclaiming an opinion on other information (OI). The SI and OI listings should be tailored for each engagement. The first paragraph of this section identifies the SI and OI accompanying the financial statements. The second paragraph of this section lists the supplementary information on which the auditor is giving an “in-relation-to” opinion, which includes the schedule of expenditures of federal awards. The third paragraph of this section lists the information on which the auditor is disclaiming an opinion. If only a Yellow Book audit (and not a Single Audit) was performed, omit (a) the last sentence of the first paragraph and (b) the reference to the schedule of expenditures of federal awards in the first sentence of the second paragraph of this section.

The wording illustrated in this section assumes that the auditor is issuing an unmodified opinion on the financial statements and has concluded that the SI is fairly stated, in all material respects, in relation to the financial statements as a whole. The notes to Appendix 11A-1 illustrate wording for the situation in which the auditor issues a qualified opinion on the financial statements and on the SI.

If reporting on only the schedule of expenditures of federal awards (that is, no other supplementary information or other information is presented), the third paragraph of this section would be deleted and the first and second paragraphs may be replaced with the following paragraph:

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of X, State Y's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The GAS/A-133 AICPA Audit Guide recommends combining the reporting on the schedule of expenditures of federal awards with the reporting on the financial statements. However, if the schedule of expenditures of federal awards is not presented or packaged with the basic financial statements, this section should be deleted (if no other supplementary information or other information is presented) or modified (if other supplementary information is presented), and reporting on the schedule should be either included with the Circular A-133 report on compliance and on internal control over compliance (see Appendix 11F-1) or contained in a stand-alone report. Paragraph 1307.28 discusses procedures relevant to the schedule.

^m This section of the report includes the reporting on supplementary information (SI) when the auditor is engaged to provide an "in-relation-to" opinion on SI and also when the auditor is disclaiming an opinion on other information (OI). The SI and OI listings should be tailored for each engagement. The first paragraph of this section identifies the SI and OI accompanying the financial statements. The second paragraph of this section lists the supplementary information on which the auditor is giving an "in-relation-to" opinion, which includes the schedule of expenditures of federal awards. The third paragraph of this section lists the information on which the auditor is disclaiming an opinion. If only a Yellow Book audit (and not a Single Audit) was performed, omit (a) the last sentence of the first paragraph and (b) the reference to the schedule of expenditures of federal awards in the first sentence of the second paragraph of this section.

The wording illustrated in this section assumes that the auditor is issuing an unmodified opinion on the financial statements and has concluded that the SI is fairly stated, in all material respects, in relation to the financial statements as a whole. The notes to Appendix 11A-1 illustrate wording for the situation in which the auditor issues a qualified opinion on the financial statements and on the SI.

If reporting on only the schedule of expenditures of federal awards (that is, no other supplementary information or other information is presented), the third paragraph of this section would be deleted and the first and second paragraphs may be replaced with the following paragraph:

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of X, State Y's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of

the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The GAS/A-133 AICPA Audit Guide recommends combining the reporting on the schedule of expenditures of federal awards with the reporting on the financial statements. However, if the schedule of expenditures of federal awards is not presented or packaged with the basic financial statements, this section should be deleted (if no other supplementary information or other information is presented) or modified (if other supplementary information is presented), and reporting on the schedule should be either included with the Circular A-133 report on compliance and on internal control over compliance (see Appendix 11F-1) or contained in a stand-alone report. Paragraph 1307.28 discusses procedures relevant to the schedule.

ⁿ This section of the report includes the reporting on supplementary information (SI) when the auditor is engaged to provide an "in-relation-to" opinion on SI and also when the auditor is disclaiming an opinion on other information (OI). The SI and OI listings should be tailored for each engagement. The first paragraph of this section identifies the SI and OI accompanying the financial statements. The second paragraph of this section lists the supplementary information on which the auditor is giving an "in-relation-to" opinion, which includes the schedule of expenditures of federal awards. The third paragraph of this section lists the information on which the auditor is disclaiming an opinion. If only a Yellow Book audit (and not a Single Audit) was performed, omit (a) the last sentence of the first paragraph and (b) the reference to the schedule of expenditures of federal awards in the first sentence of the second paragraph of this section.

The wording illustrated in this section assumes that the auditor is issuing an unmodified opinion on the financial statements and has concluded that the SI is fairly stated, in all material respects, in relation to the financial statements as a whole. The notes to Appendix 11A-1 illustrate wording for the situation in which the auditor issues a qualified opinion on the financial statements and on the SI.

If reporting on only the schedule of expenditures of federal awards (that is, no other supplementary information or other information is presented), the third paragraph of this section would be deleted and the first and second paragraphs may be replaced with the following paragraph:

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of X, State Y's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The GAS/A-133 AICPA Audit Guide recommends combining the reporting on the schedule of expenditures of federal awards with the reporting on the financial statements. However, if the schedule of expenditures of federal awards is not presented or packaged with the basic financial statements, this section should be deleted (if no other supplementary information or other information is presented) or modified (if other supplementary information is presented), and reporting on the schedule should be either included with the Circular A-133 report on compliance and on internal control over compliance (see Appendix 11F-1) or contained in a stand-alone report. Paragraph 1307.28 discusses procedures relevant to the schedule.

^o AU-C section 700.37 indicates that the section related to an auditor's other reporting responsibilities should be subtitled "Report on Other Legal and Regulatory Requirements" or a different subtitle appropriate to the contents of the section. The alternative title used in this report example to describe the reporting required by *Government Auditing Standards* is provided in *Chapter 4, Appendix A, Example 4-1 of the GAS/A-133 AICPA Audit Guide* ([link](#)) . In addition, when the auditor's report includes a section on other reporting responsibilities, the introductory (i.e., first) paragraph of the auditor's report should be preceded by the header "Report on the Financial Statements."

^p The report for an audit performed in accordance with the Yellow Book or OMB Circular A-133 should either disclose the scope and the results of testing of internal control and compliance or refer to separate reports containing such information. If the scope and results of such testing are included in this report and not in separate reports, this paragraph should be deleted. *Paragraph 4.11 of the GAS/A-133 AICPA Audit Guide* ([link](#)) recommends reporting separately on this information rather than including it in the report on the financial statements. In addition, *Paragraph 10.13 of the GAS/A-133 AICPA Audit Guide* ([link](#)) states that auditors should consider the effect of material noncompliance and the cumulative effect of all instances of noncompliance on the financial statements.

TOWN OF CHINO VALLEY

COST PROPOSAL

(Firm and irrevocable for 30 days from date signed.)

MASTER COPY

Henry & Horne, LLP
Marilyn Mays, CPA
MarilynM@hhcpa.com
2055 E Warner Rd, Suite 101
Tempe, AZ 85284
(480) 839-4900

January 21, 2015

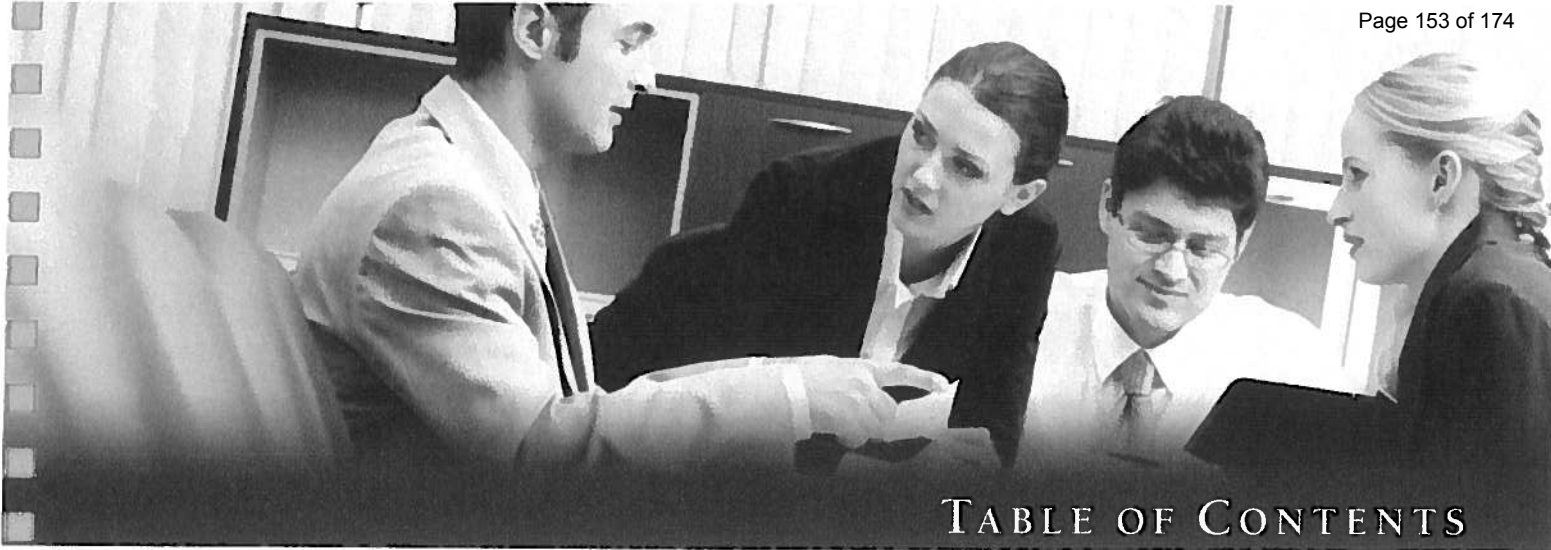


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ALL-INCLUSIVE MAXIMUM PRICE

FIRM NAME: HENRY & HORNE, LLP

CERTIFICATION

Henry & Horne, LLP certifies that the individual signing this proposal is entitled to represent the firm, empowered to submit this proposal and authorized to sign a contract with the Town of Chino Valley.

ALL-INCLUSIVE PRICING

The total all-inclusive maximum price for the Town of Chino Valley for fiscal years ending June 30, 2015, 2016 and 2017 are as follows:

<u>Year</u>		<u>Price</u>
2015	\$	32,555
2016		36,100
2017		<u>33,100</u>
	\$	101,755

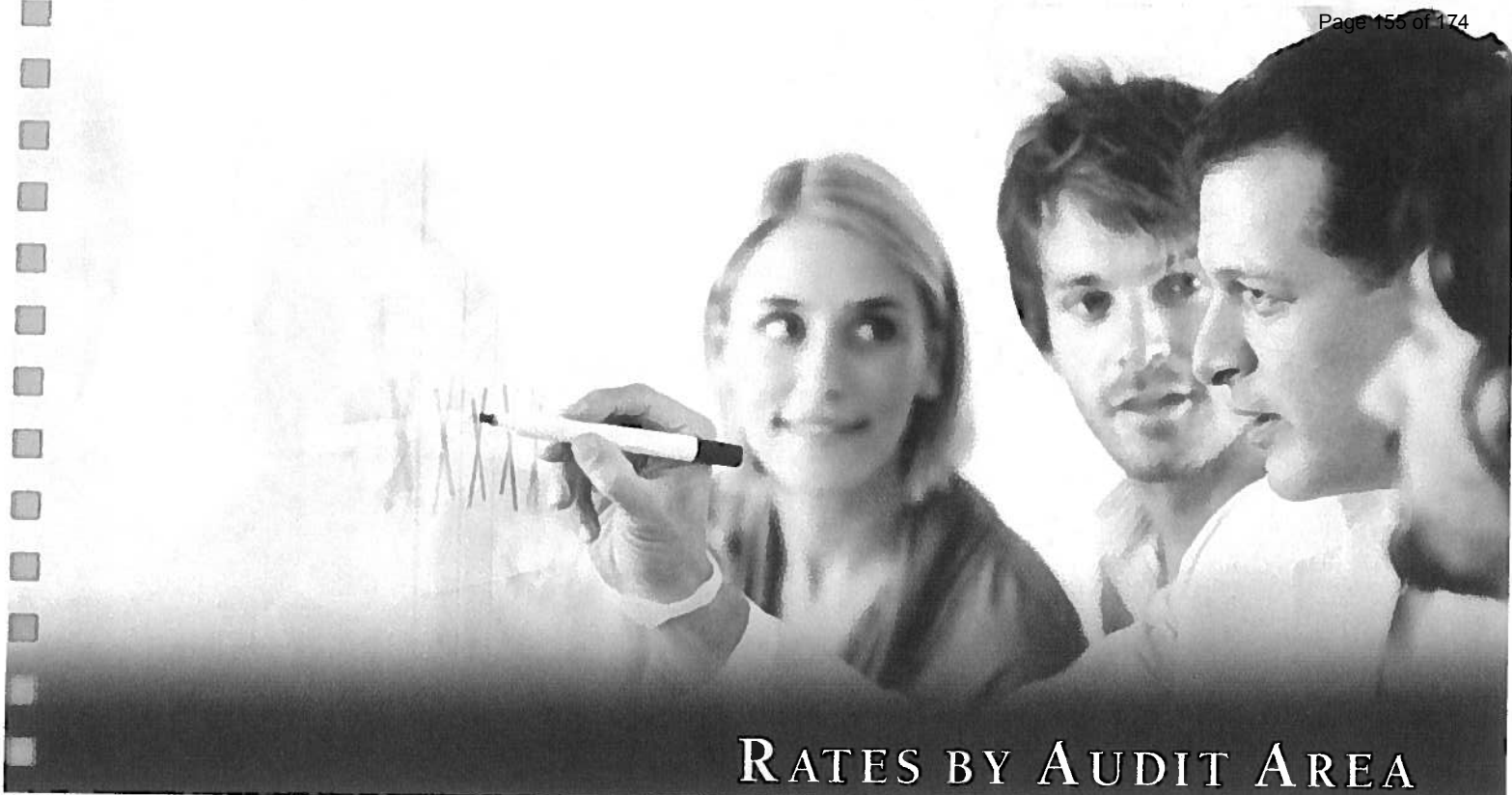
OUT-OF-POCKET EXPENSES

Henry & Horne, LLP has included all costs for travel, lodging and subsistence in the total maximum price.

RATES FOR ADDITIONAL SERVICES

Fees for other services will be arranged with you in advance based upon our level of involvement. Currently, our hourly billing rates, by staff level are:

<u>Level</u>	<u>Hourly Rate</u>
Partner	\$180 - 300
Manager	\$140 - 160
Supervisors/Seniors	\$110 - 140
Staff	\$ 85 - 110



RATES BY AUDIT AREA

FY 2014/15 Financial Statement Auditing Services by Segmentation

	Partner	Supervisor/Senior	Staff	Total
Preliminary	\$ 2,025	\$ 3,190	\$ 2,200	\$ 7,415
Fieldwork	2,250	5,945	4,730	12,925
Conclusion	2,700	2,465	1,650	6,815
Discount				(2,000)
	\$ 6,975	\$ 11,600	\$ 8,580	\$ 25,155

FY 2014/15 Single Audit Services by Segmentation

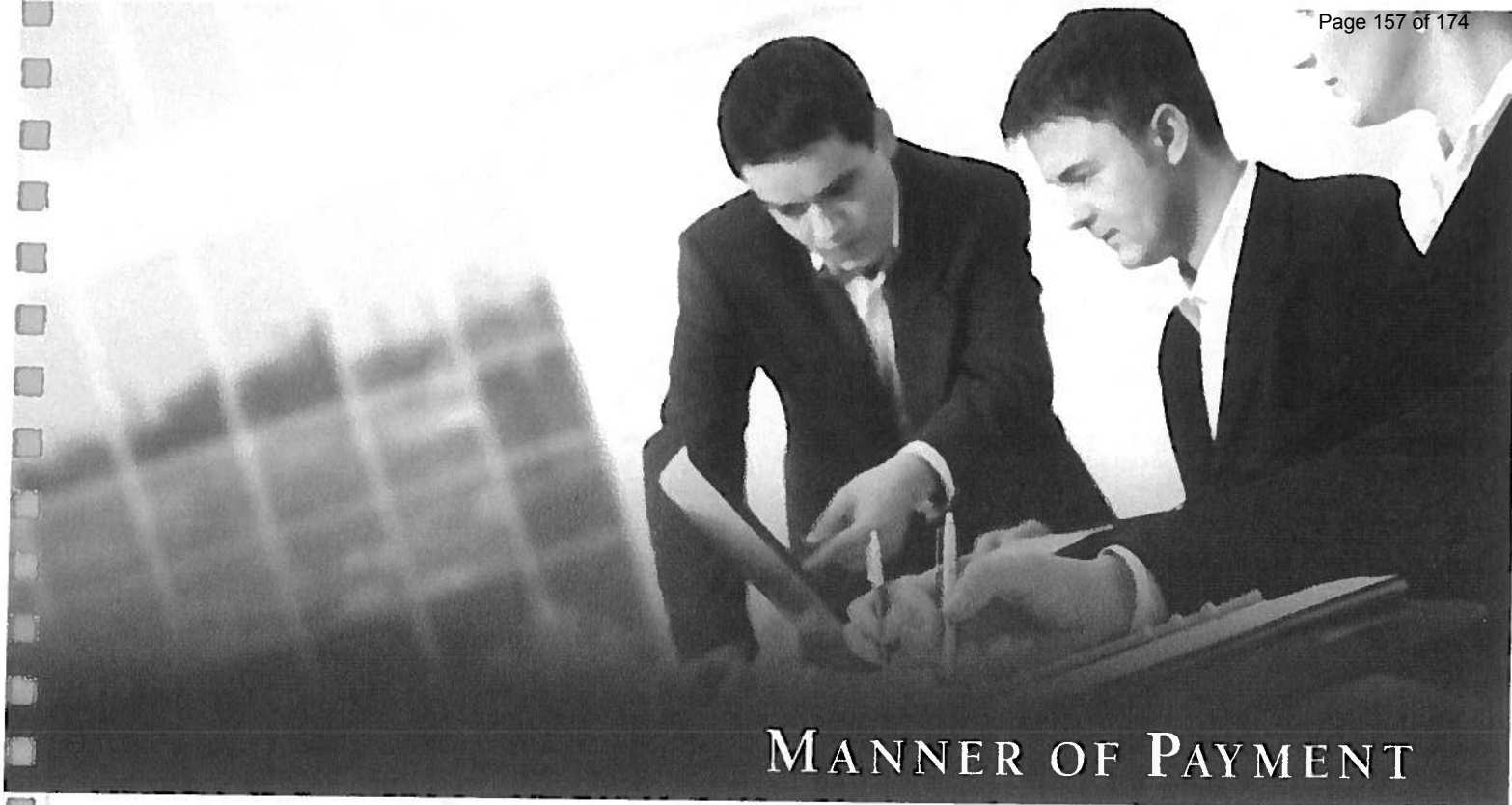
	Partner	Supervisor/Senior	Staff	Total
Preliminary	\$ 225	\$ 290	\$ 220	\$ 735
Fieldwork	675	725	550	1,950
Conclusion	225	290	550	1,065
Discount				(250)
	\$ 1,125	\$ 1,305	\$ 1,320	\$ 3,500

FY 2014/15 Compiling CAFR Services by Segmentation

	Partner	Supervisor/Senior	Staff	Total	
Preliminary	\$	0 \$	0 \$	2,200 \$	2,200
Fieldwork		0	0	0	0
Conclusion		450	725	550	1,725
Discount					(25)
	\$	450 \$	725 \$	2,750 \$	3,900

FY 2014/15 Municipal Court MAS Compliance Services by Segmentation

	Partner	Supervisor/Senior	Staff	Total	
Preliminary	\$	0 \$	290 \$	220 \$	510
Fieldwork		0	1,160	880	2,040
Conclusion		450	290	220	960
Discount					(10)
	\$	450 \$	1,740 \$	1,320 \$	3,500



MANNER OF PAYMENT

A progress payment will be made upon the completion of fieldwork based on the total hours of work performed and out-of-pocket expenses incurred compared to the total maximum price in accordance with the firm's pricing section of the proposal. The second and final payment will be made when all drafting and report preparations, schedules, and financial statements requested herein. The Town of Chino Valley will withhold the final bill payment until pending delivery of all final reports, schedules and financial statements. Henry & Horne, LLP will provide a detail schedule indicating the charges by report and hours by report and charges per major grant.



March 10, 2015

The Honorable Town Mayor and Town Council
 Town of Chino Valley
 202 N. State Route 89
 Chino Valley, AZ 86323

We are pleased to confirm our understanding of the services we are to provide Town of Chino Valley for the year ended June 30, 2015. We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements, of Town of Chino Valley as of and for the year ended June 30, 2015. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Town of Chino Valley's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Town of Chino Valley's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The **Management's Discussion and Analysis** is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited.

We have also been engaged to report on supplementary information other than RSI that accompanies Town of Chino Valley's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

Tempe
 2055 E. Warner Road
 Suite 101
 Tempe, AZ 85284-3487
 (480) 839-4900
 Fax (480) 839-1749

Scottsdale
 7098 E. Cochise Road
 Suite 100
 Scottsdale, AZ 85253-4517
 (480) 483-1170
 Fax (480) 483-7126

Casa Grande
 1115 E. Cottonwood Lane
 Suite 100
 Casa Grande, AZ 85122-2950
 (520) 836-8201
 Fax (520) 426-9432

Town of Chino Valley
 March 10, 2015
 Page 2

- 1) Schedule of expenditures of federal awards.
- 2) Annual expenditure limitation report.
- 3) Combining Funds Financial Statement and Budgetary Comparison of the Comprehensive Annual Financial Report.
- 4) Other Supplementary Information of the Comprehensive Annual Financial Report.
- 5) Statement that fulfills the HURF requirement.

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

- 1) Introductory Section of the Comprehensive Annual Financial Report
- 2) Statistical Section of the Comprehensive Annual Financial Report

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on—

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The Government Auditing Standards report on internal control over financial reporting and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) that the report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. The OMB Circular A-133 report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Both reports will state that the report is not suitable for any other purpose.

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Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Town Mayor and Council of Town of Chino Valley. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements or the Single Audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

Management Responsibilities

Management is responsible for the basic financial statements, schedule of expenditures of federal awards, and all accompanying information as well as all representations contained therein. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with the requirements of OMB Circular A-133. As part of the audit, we will assist with preparation of your financial statements, schedule of expenditures of federal awards, and related notes. These nonaudit services do not constitute an audit under Government Auditing Standards and such services will not be conducted in accordance with Government Auditing Standards. You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them.

Further, you agree to oversee the nonaudit services (listed below) by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

- Preparing financial statements and related notes;
- Proposing entries affecting the financial statements;
- Preparing Governmental Accounting Standards Board Statement No 34, *Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments*, conversion entries.

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Management Responsibilities (Continued)

Management is responsible for (a) establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (b) following laws and regulations; (c) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (d) ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review.

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Management Responsibilities (Continued)

You are responsible for preparation of the schedule of expenditures of federal awards in conformity with OMB Circular A-133. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with OMB Circular A-133; (2) that you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with OMB Circular A-133; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

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Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

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Audit Procedures—Internal Controls

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and OMB Circular A-133.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Town of Chino Valley's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Circular A-133 Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of Town of Chino Valley's major programs. The purpose of these procedures will be to express an opinion on Town of Chino Valley's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

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Engagement Administration, Fees and Other

Marilyn Mays, CPA, is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fees for this engagement will be \$29,050, and an additional \$3,500 for a Single Audit of federal funds (if necessary) as listed in the RFP. However, in the event that we encounter unusual circumstances that would require us to expand the scope of the engagement, and/or if we anticipate our fees exceeding the aforementioned estimate, we will adjust our estimate, and obtain your prior approval before continuing with the engagement.

We reserve the right to suspend our services or to withdraw from this engagement in the event that any of our invoices are deemed delinquent (if not paid within thirty days of the invoice date). In the event that any collection action is required to collect unpaid balances due us, you agree to reimburse us for our costs of collection, including attorneys' fees. If we elect to terminate our services for nonpayment, or for any other reason provided for in this letter, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended, and to reimburse us for all of our out-of-pocket costs, through the date of termination.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

It is our policy to retain engagement documentation for a period of seven years, after which time we will commence the process of destroying the contents of our engagement files. To the extent we accumulate any of your original records during the engagement, those documents will be returned to you promptly upon completion of the engagement, and you will provide us with a receipt for the return of such records. The balance of our engagement file, other than the audited financial statement, which we will provide to you at the conclusion of the engagement, is our property, and we will provide copies of such documents at our discretion and if compensated for any time and costs associated with the effort.

In the event we are required to respond to a subpoena, court order or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this engagement, you agree to compensate us at our hourly rates, for the time we expend in connection with such response, and to reimburse us for all of our out-of-pocket costs incurred in that regard.

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Engagement Administration, Fees and Other (Continued)

In the event that we are or may be obligated to pay any cost, settlement, judgment, fine, penalty, or similar award or sanction as a result of a claim, investigation, or other proceeding instituted by any third party, then to the extent that such obligation is or may be a direct or indirect result of your intentional or knowing misrepresentation or provision to us of inaccurate or incomplete information in connection with this engagement, and not any failure on our part to comply with professional standards, you agree to indemnify us, defend us, and hold us harmless as against such obligations.

You agree that any dispute (other than our efforts to collect an outstanding invoice) that may arise regarding the meaning, performance or enforcement of this engagement or any prior engagement that we have performed for you, will, prior to resorting to litigation, be submitted to mediation, and that the parties will engage in the mediation process in good faith once a written request to mediate has been given by any party to the engagement. Any mediation initiated as a result of this engagement shall be administered by The American Arbitration Association, according to its mediation rules before resorting to litigation. The results of any such mediation shall be binding only upon agreement of each party to be bound. The costs of any mediation proceeding shall be shared equally by the participating parties.

Any litigation arising out of this engagement, except actions by us to enforce payment of our professional invoices, must be asserted within one year from the date any such cause of action accrues, or within three years from the completion of the engagement, whichever is earlier, notwithstanding any statutory provision to the contrary.

This engagement letter is contractual in nature, and includes all of the relevant terms that will govern the engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all of the parties. If you would like us to provide you with any other services not specifically outlined in this engagement letter, you must make that request of us in writing. If we agree to provide the requested additional services, we will create a separate engagement letter specifically addressing the same, and that engagement letter, upon your signature, will govern our provision of those additional services.

After to preparation and execution of this engagement letter, we will discuss with you the fact that we provide clients with services specifically focused on identifying and addressing weaknesses in internal controls (internal control review), and on searching for the existence of fraud within your Town (fraud audit). We further explained the additional costs associated with such different levels of service. Upon consideration of such services, you may wish to retain us to perform only services beyond the audit services described in this letter.

It is not the policy of this firm to voluntarily disclose to third parties any non-public information obtained from or about your Town during or as a result of this engagement absent your express consent to do so. Indeed, as professionals, we are obligated to preserve the confidential nature of such information in our possession.

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Engagement Administration, Fees and Other (Continued)

However, such information may not be protected from disclosure by an absolute privilege, and therefore, we may be compelled by law or legal process, with or without your consent, to produce documents or testify about facts and circumstances that have come into our possession, or become known to us, during or as a result of this engagement. You should consult with legal counsel to obtain a thorough understanding of the extent and limitations of the confidentiality of information in our possession.

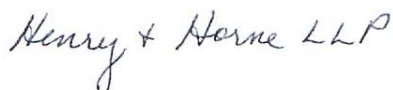
You agree that you will not use our firm's name or the name of an employee of the firm in a communication containing a financial presentation without the written permission of our firm. If you do use our firm name or the name of an employee of the firm in a communication containing a financial presentation, you agree to include our report or a disclaimer on the financial presentations that we so specify. Further, you agree to provide us with a printer's proof or master of any document that contains our firm name or the name of an employee of the firm and a financial presentation for our review and approval before printing of the document. You also agree to provide us with a copy of the final reproduced material that contains either our firm's name or the name of an employee of the firm and a financial presentation(s) for our approval before it is distributed.

During our engagement, certain members of our staff will be assisting you. If you offer one of our staff working on your engagement employment and they choose to accept, we would incur a significant fee to find replacement personnel, and therefore, we would expect reimbursement for such costs. Customarily, the fee approximates 25 – 35% of the first year's salary. In the event that you do hire one of our staff, you agree to reimburse 25% of the first year's salary for the placement service.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2013 peer review report accompanies this letter.

We appreciate the opportunity to be of service to Town of Chino Valley and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

A handwritten signature in cursive script that reads "Henry & Horne LLP".

HENRY & HORNE, LLP

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RESPONSE:

I am currently the _____ for Town of Chino Valley and I have authority to execute this agreement on behalf of Town of Chino Valley. I agree that this letter correctly describes the terms and conditions under which your firm agrees to perform services for Town of Chino Valley and the objectives as well as limitations of the services requested by Town of Chino Valley that your firm has agreed to perform.

Signature

Title

Date



System Review Report

August 8, 2013

To the Partners of Henry & Horne, LLP
and the Peer Review Committee of the
California Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Henry & Horne, LLP (the firm) in effect for the year ended May 31, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/PRSummary.

As required by standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Henry & Horne, LLP in effect for the year ended May 31, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Henry & Horne, LLP has received a peer review rating of *pass*.

RW Group, LLC

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TOWN OF CHINO VALLEY COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting

Item No. 7. f.

Meeting Date: 03/10/2015
Contact Person: Jami Lewis, Town Clerk
 Phone: 928-636-2646 x-1208
Department: Town Clerk
Item Type: Action
Estimated length of staff presentation: None
Physical location of item: N/A

AGENDA ITEM TITLE:

Consideration and possible action to appoint applicants to fill vacancies on the Planning and Zoning Commission, Parks and Recreation Advisory Board, Public Safety Retirement Board, Industrial Development Authority, and Municipal Property Corporation.

RECOMMENDED ACTION:

Appoint applicants to the Planning and Zoning Commission, Parks and Recreation Advisory Board, Public Safety Retirement Board, Industrial Development Authority, and Municipal Property Corporation, as recommended by the Council Appointments Subcommittee; and designate that Ms. Lane be appointed to the term ending January 31, ____ [2016 or 2017] and Mr. Bacon be appointed to term ending January 31, ____ [2016 or 2017].

SITUATION AND ANALYSIS:

The Council Appointments Subcommittee met on February 23 to review applications for several public bodies. They have recommended that Council appoint the following persons to the corresponding public body:

- Planning and Zoning Commission - Appoint Annie Lane and Michael Bacon, with Claude Baker as alternate. As the Subcommittee did not designate a term ending date for either of the applicants, Council will need to do so. One term ends January 31, 2016 and the other January 31, 2017.
- Parks and Recreation Advisory Board - Appoint Deryl Jevons to term ending June 30, 2015.
- Public Safety Retirement Board - Re-appoint Cheryl Romley to term ending June 30, 2016.
- Industrial Development Authority - Appoint John Coomer to term ending June 30, 2017.
- Municipal Property Corporation - Re-appoint John Coomer to term ending June 30, 2017.

With these appointments, there remains one vacancy on both the Industrial Development Authority and Municipal Property Corporation.

Other Pertinent Documents Available Upon Request:

Subcommittee packet with applications is online at <http://www.chinoaz.net/general/appointcom.shtml>.

Fiscal Impact

Fiscal Impact?: No

If Yes, Budget Code:

Available:

Funding Source:

Attachments

February 23, 2015 draft minutes

**TOWN OF CHINO VALLEY
COUNCIL APPOINTMENTS SUBCOMMITTEE
MINUTES**

**MONDAY, FEBRUARY 23, 2015
4:00 P.M.**

The Council Appointments Subcommittee of the Town of Chino Valley, Arizona, convened for a public meeting in the Council Chambers Conference Room, located at 202 N. State Route 89, Chino Valley, Arizona.

Vice-Mayor Croft called the meeting to order at 4:07 P.M.

Members Present: Vice-Mayor Darryl Croft (Chair); Councilmember Mike Best; Councilmember Lon Turner

Staff Present: Town Clerk Jami Lewis (recorder); Development Services Director Ruth Mayday

3) APPROVAL OF MINUTES

3a) Approve December 4, 2014 minutes.

Councilmember Best MOVED; Councilmember Turner seconded to approve item 3a. Motion PASSED 3-0.

4) OLD BUSINESS

4a) Consideration and possible action regarding the procedure for appointing members to the Planning and Zoning Commission.

Ms. Lewis reported that on January 13, 2015, Council approved the Planning and Zoning Commission Position Description, Training Requirements, and Selection Process. However, they adopted the document without addressing item #6 of the Selection Process regarding follow-up performance review.

Vice-Mayor Croft MOVED; Councilmember Turner seconded to approve the procedure with item #6. Motion PASSED 3-0.

5) NEW BUSINESS

5a) Discussion and possible action to review applications, conduct interviews with selected applicants, and make recommendation to Council for appointment to the Planning and Zoning Commission.

Councilmember Best MOVED; Vice-Mayor Croft seconded to do Planning and Zoning. Motion PASSED 3-0.

The Subcommittee interviewed four candidates for two positions on the Planning and Zoning Commission: Deryl Jevans, Anne Lane, Michael Bacon, and Claude Baker. They asked applicants about their reasons for applying; their ability to comply with the requirements in the Position Description, Training Requirements, and Selection Process; general knowledge of planning and zoning; specific knowledge about the Town's organization and regulations; and case scenarios.

Following the interviews, members ranked the applicants. Ms. Mayday requested that the Subcommittee select two applicants to fill the vacant positions, as well as an alternate.

Councilmember Turner MOVED; Councilmember Best seconded to recommend Annie Lane and Michael Bacon for the Planning and Zoning Commission, with Claude Baker as alternate. Motion PASSED 3-0.

- 5b)** Discussion and possible action to review applications, direct staff to schedule interviews with selected applicants, and make recommendation to Council for appointment to the Parks and Recreation Advisory Board, Public Safety Retirement Board, Industrial Development Authority, and Municipal Property Corporation.

The Subcommittee reviewed applications for the following public bodies.

Parks and Recreation Advisory Board (PRAB) – Applications from Paula Cooper and Deryl Jevons to fill vacant position with term ending June 30, 2015.

Councilmember Best MOVED; Councilmember Turner seconded to recommend Deryl Jevons for PRAB. Motion PASSED 3-0.

Public Safety Retirement Board (PSRB) – Application for re-appointment from Cheryl Romley for term ending June 30, 2016.

Councilmember Best MOVED; Councilmember Turner seconded to recommend Cheryl Romley for PSRB. Motion PASSED 3-0.

Industrial Development Authority (IDA) – Application from John Coomer for one of two vacant positions with terms ending June 30, 2015 and June 30, 2017.

Councilmember Best MOVED; Councilmember Turner seconded to recommend John Coomer for the IDA, for term ending in 2017. Motion PASSED 3-0.

Municipal Property Corporation (MPC) – Application for re-appointment from John Coomer for term ending June 30, 2017.

Councilmember Best MOVED; Councilmember Turner seconded to recommend John Coomer for MPC. Motion PASSED 3-0.

6) ADJOURN

Councilmember Best MOVED; Vice-Mayor Croft seconded to adjourn the meeting at 6:05 p.m.

Dated this 25th day of February, 2015
By: Jami C. Lewis, Town Clerk

Approved Date: _____